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This agreement was prepared by and
after recording return to:
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City of Chicago Law Department
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LAKEFRONT TRANSFORMATION PROJECT RENTAL REDEVELOPMENT AGREEMENT

This Lakefront Transformation Project Rental Redevelopment Agreement (this "Agreement") is made as of this 1st day of April, 2003, by and between the City of Chicago, acting by and through its Department of Housing, and Lake Park Crescent Associates I L.P., an Illinois limited partnership, its permitted successors and permitted assigns, (the "Rental Developer"). Capitalized terms not otherwise defined herein shall have the meaning given in Section 2.

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and

conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on March 27, 2002: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Lakefront Tax Increment Financing Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Lakefront Tax Increment Financing Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Lakefront Tax Increment Financing Redevelopment Project Area" (the "TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: On the Closing Date, the CHA will be the owner of the real property described in Exhibit B ("CHA Phase I Property"). The CHA Phase I Property is located in the Redevelopment Area and is generally located north of East 42nd Street, west of the Illinois Central rail line, south of East 40th Street and east of S. Lake Park Avenue in Chicago, Illinois 60653.

The CHA Phase I Property is comprised of the real property legally described in:

- (i) Exhibit C (the "For Sale Property");
- (ii) Exhibit D (the "Rental Property"), which includes the real property comprising the Mid-Rise Building site (the "Mid-Rise Property") and the real property comprising the 12 six-flat building sites (the "Six-Flat Property"), each as separately described on Exhibit D;
- (iii) Exhibit E (excluding the portion of such Block 5 included in the City Property defined below), which consists of certain real property to be dedicated to the Chicago Park District, as described below (the "CHA Park District Property"); and
- (iv) the Plat of Lake Park Crescent Subdivision and identified therein as real property to be opened as a public right of way (except that portion of South Oakenwald Avenue included in the City Property).

On the Closing Date, the City will be the owner of the real property described in Exhibit F (the "City Property"), which the

City acquired from the Regional Transportation Authority for the Project. Upon the recording of the Plat of Subdivision, a portion of the City Property will be dedicated to the Chicago Park District as a public park and the remainder of the City Property will be dedicated or opened as South Oakenwald Avenue.

After the formation of the Redevelopment Area, but prior to the Closing Date, the City and the CHA initiated certain site preparation work on the CHA Phase I Property. This site preparation work has included clearing and grading of land, environmental investigation activities and the construction of certain public improvements, including water and sewer lines and roads, all in order to prepare the CHA Phase I Property for the construction of the improvements contemplated by this Agreement and the For Sale Redevelopment Agreement (as hereinafter defined).

The project contemplated by this Agreement consists of the rental portion of a larger redevelopment project that is anticipated to result in the new construction of 291 units of residential housing on the CHA Phase I Property in a mixed-income residential housing development. This larger, 291 unit project is itself the first phase of the CHA's three-phase Lakefront transformation project, which, when completed, is anticipated to result in the new construction of 490 residential units in the Redevelopment Area.

The larger, 291 unit project will include the construction of certain for-sale units by Lakefront Associates I LLC, an Illinois limited liability company, its permitted successors and permitted assigns (the "For Sale Developer") (as more fully described below, the "For Sale Development"). The completion of the For Sale Development, although discussed herein in order to provide a complete description of the larger redevelopment project, is not required under this Agreement and will be the subject of the For Sale Redevelopment Agreement.

The project contemplated and governed by this Agreement includes the construction of 148 rental units, together with related site and remediation work and certain Infrastructure Improvements (as more fully described below, the "Rental Development").

Prior to the Closing Date, the Developer has recorded the Plat of Vacation vacating the public right of way depicted therein.

On the Closing Date, the Plat of Subdivision will be recorded, establishing the subdivided lots described therein, dedicating and opening the public right of way described therein and dedicating to the Chicago Park District the public park property described therein.

On the Closing Date, the CHA and the Rental Developer will execute and deliver the Rental Property Lease, demising the Rental Property to the Rental Developer, and record it against the Rental Property. The Rental Developer will then proceed to construct the Rental Development, which includes 148 rental units. Of these 148 units, approximately 72 will be located in 12 six-flats (the "Six-Flat Buildings") and 76 will be located in one mid-rise building (the "Mid-Rise Building", and together with the Six-Flat Buildings, the "Rental Buildings"). Of the 148 rental units, 36 will be Market Rate Rental Units, 52 will be Affordable Rental Units (subject to the exception included in the definition thereof), and 60 will be Public Housing Rental Units. Exhibit G attached hereto and made a part hereof describes the location, bedroom size and accessibility and adaptability features of the rental buildings and whether the units in such buildings are initially to be Market Rate Rental Units, Affordable Rental Units or Public Housing Rental Units.

Construction of the Rental Buildings will be financed by the Rental Financing, subject, however, to the terms of the Lenders' financing documents and the Rental Escrow Agreement.

After the Closing Date, the City and the CHA will retain the right to go onto the CHA Phase I Property, if necessary, in order to monitor Lake Park Crescent I LLC's completion of certain ongoing environmental investigation and remediation work applicable to certain portions of the Property with the intent of obtaining one or more "No Further Remediation Letters" covering the CHA Phase I Property from the Illinois Environmental Protection Agency pursuant to the Illinois Site Remediation Program, 415 ILCS 5/58, et seq. (the "SRP Act"). Such entries shall be coordinated with the Rental Developer, the For Sale Developer, Lake Park Crescent I LLC, and the General Contractors. Walsh and Skender, as part of the Mid-Rise Supplemental Contract and the Six-Flat Supplemental Contract, respectively, shall also be responsible for complying with the requirements of the Remedial Action Plan (as described in the SRP Act) approved by the Illinois Environmental Protection Agency and as applicable to the portion of the Rental Property covered by each such supplemental contracts.

As part of the Project, the Rental Developer and the For Sale Developer will also construct the Infrastructure Improvements. Certain utility, telecommunication and cable companies will also construct certain improvements necessary to provide utility and other services for the Project.

The Rental Developer's obligations (and those of its General Contractors) as described in this Recital D, together with the operation of the Rental Development in accordance with this Agreement and the Governing Documents, is collectively referred to herein as the "Project." The Project will be paid for in part by

the payment of Available Incremental Taxes for the TIF-Funded Interest Costs set forth on Exhibit H.

The completion of the Project would not reasonably be anticipated without the City Funds to be disbursed pursuant to this Agreement. But for the Rental Developer's execution of this Agreement, the City would be unwilling to include the City Property in the Project or provide the City Funds or other City financing for the Project.

In addition, the parties have agreed to impose certain affordability requirements applicable to the Project; to provide for the payment of City Funds for certain TIF-Funded Interest Costs; to provide the City certain rights and remedies to assure that the above objectives are realized; and to provide for the other undertakings set forth in this Agreement by the respective parties.

The description of the Project in this Recital D describes the actual project to be built, the financing for such Project and the required operation of such Project. The terms of this Agreement shall be binding upon the Rental Developer and all successors in title to any portion of the Rental Property.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Lakefront Tax Increment Financing Redevelopment Project Area Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit I.

F. City Financing: Pursuant to the terms and conditions of this Agreement, the City will pay or reimburse the Rental Developer for the TIF-Funded Interest Costs from Available Incremental Taxes (as such terms are defined below) in the manner set forth in the TIF Ordinances (as defined below).

G. Lender Financing. The City acknowledges that other financing for the Project is to be provided as set forth in Exhibit J (collectively, the "Lender Financing"). The terms of certain portions of the Lender Financing include requiring the Rental Developer to enter into various occupancy and use restrictions, including, but not limited to, the Regulatory Agreement (as defined below).

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Act" shall have the meaning set forth in Recital B.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Rental Developer or Draper and Kramer, Incorporated.

"Affordable Rental Units" shall mean the 49 rental units in the Rental Development which, during the Term of the Agreement, shall be occupied by Tax Credit Tenants who pay Tax Credit Rents, plus the 3 additional rental units occupied by tenants whose income and rent payments satisfy the affordability requirements of the City Regulatory Agreement.

"Agreement" shall have the meaning set forth in the Preamble.

"AMI" shall mean Chicago-area median income, adjusted for family (as defined in 24 C.F.R. Part 5.403) size, as determined from time to time by HUD.

"Annual Contributions Contract" shall mean, during the construction period, the Annual Contributions Contract C-1150 dated December 11, 1995 between the CHA and HUD, as amended by the Mixed Finance Amendment to the Consolidated ACC between the CHA and HUD, as amended from time to time, and, after the construction period, the Annual Contributions Contract C-1014 between the CHA and HUD, as amended from time to time.

"Architects" shall mean: (a) Campbell Tiu Campbell, as to the Mid-Rise Building, and as to the provision of master architect services; (b) Ray/Dawson, P.C., as to the six-flat buildings included in the Rental Development; and (c) Bauer Latoza, as to landscaping design.

"Available Incremental Taxes" shall mean those Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the Rental Property, to the extent available, allocated by the City in each fiscal year and in the amounts set forth in Exhibit H hereto for payment of the TIF-Funded Interest Costs.

"Bridge Loan" shall mean the financing provided by the CHA for the Project described in Exhibit J attached hereto.

"Certificate" shall mean the Certificate of Completion issued by DOH regarding the construction of the Project, as described in Section 8.01 hereof.

"CHA" shall mean the Chicago Housing Authority, a municipal corporation, its successors and assigns.

"CHA Declaration" shall mean the Declaration of Trust and Restrictive Covenants between the CHA and the Rental Developer to be entered into in connection with the CHA Loan and recorded on the Closing Date.

"CHA Loan" shall mean the financing provided by the CHA for the Project described in Exhibit J attached hereto.

"CHA Loan Documents" shall mean all documents evidencing, securing and relating to the CHA Loan.

"CHA Park District Property" shall have the meaning set forth in Recital D.

"CHA Phase I Property" shall have the meaning set forth in Recital D.

"CHA Tenants" shall mean tenants who qualify as being eligible to occupy "public housing" as defined in Section 3(b) of the United States Housing Act of 1937, as amended and as may hereafter be amended from time to time or any successor legislation, together with all regulations implementing the same and who are designated by the CHA.

"CHA R&O Agreement" shall mean the Regulatory and Operating Agreement dated as of April 1, 2003, between the CHA and the Rental Developer.

"City" shall mean the City of Chicago, a municipal corporation and a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, its successors and assign.

"City Council" shall have the meaning set forth in Recital C.

"City Funds" shall mean the funds described in Section 4.02(b) hereof.

"City Loan" shall mean the financing provided by the City for the Rental Development described in Exhibit J attached hereto.

"City Loan Documents" shall mean all documents evidencing, securing and relating to the City Loan.

"City Mortgage" shall mean the Junior Construction Mortgage, Security Agreement and Financing Statement between the Rental Developer and the City dated April 1, 2003.

"City Park District Property" shall have the meaning set forth in Recital D.

"City Property" shall have the meaning set forth in Recital D.

"City Regulatory Agreement" shall mean the Regulatory Agreement between the Rental Developer and the City dated April 1, 2003.

"City Title Policy" shall mean, as to the Rental Property, a lender's title insurance policy in the most recently revised ALTA or equivalent form, showing fee simple title to such real property in the CHA and the leasehold interest of the Rental Developer, and insuring the City Mortgage as a second priority mortgage lien, subject only to the Permitted Liens.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall in no event be later than April 30, 2003, unless the Commissioner, in his sole discretion, shall have consented to an extension of such closing date, as evidenced by his execution of this Agreement bearing a later date.

"Commissioner" shall mean the Commissioner of the Department of Housing of the City, or his or her designee.

"Common Area Agreement" shall mean the Lake Park Crescent Common Area Agreement to be entered into after the date hereof between the Rental Developer and the For Sale Developer, which shall grant certain reciprocal easements between portions of the Rental Property and portions of the For Sale Property, shall establish certain responsibilities for the maintenance, repair and replacement of the shared common areas and the sharing of associated costs. The form of any Common Area Agreement shall be acceptable to the Commissioner, in his reasonable discretion.

"Construction Contract" shall mean (a) as to the Mid-Rise Project, the Mid-Rise Construction Contract, and (b) as to the Six-Flat Project, the Six-Flat Construction Contract. "Construction Contracts" shall mean both such general contracts.

"Corporation Counsel" shall mean the Corporation Counsel of the City.

"CPD" shall mean the Chicago Park District, a municipal corporation, its successors and assigns.

"DOH" shall mean the Department of Housing of the City, and any successor department, division, bureau, commission or agency thereto.

"DPD" shall mean the Department of Planning and Development of the City, and any successor department, division, bureau, commission or agency thereto.

"Employer(s)" shall have the meaning set forth in Section 7.01 hereof.

"Environmental Laws" shall mean any and all federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code.

"Equity" shall mean funds of the Rental Developer (other than funds derived from Lender Financing) and including, without limitation, Tax Credit Equity, available for the Project, in the amounts set forth in Exhibit J attached hereto, which amount may be increased if necessary to pay increased Project costs.

"Equity Investor" shall mean SunAmerica Housing Fund 1085, a Nevada limited partnership, or its successors or assigns.

"Event of Default" shall have the meaning set forth in Section 15.01 hereof.

"FHA-Insured Loan" shall mean the financing provided by the First Mortgagee for the Rental Development described in Exhibit J attached hereto.

"Financial Statements" shall mean complete audited financial statements of the Rental Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the

appropriate periods, or such other financial statements as may be acceptable to DOH, in its sole discretion.

"First Mortgagee" shall mean PFC Corporation, a Delaware corporation, its successors and assigns, or such other private lender as shall be acceptable to the Commissioner, or the then holder of the FHA-Insured Loan if PFC Corporation is not then such holder.

"For Sale Developer" shall have the meaning set forth in Recital D.

"For Sale Development" shall mean the construction of 143 units of "for sale" housing, the applicable Infrastructure Improvements and any related improvements, remediation work and landscaping.

"For Sale Property" shall have the meaning set forth in Recital D and shall include all improvements thereon (whether now existing or hereafter constructed) and all easements, rights, interests and appurtenances thereto.

"For Sale Redevelopment Agreement" shall mean the redevelopment agreement to be entered into after the date hereof between the For Sale Developer and the City as to the For Sale Development and the tax increment financing assistance provided in connection with such development.

"General Contractor" shall mean (a) as to the Six-Flat Project, Skender, and (b) as to the Mid-Rise Project, Walsh. "General Contractors" shall refer to both such general contractors.

"General Partner" shall mean Lake Park Crescent GP I, LLC, an Illinois limited liability company, the general partner of the Rental Developer, together with any additional or successor general partner permitted hereunder.

"Governing Documents" shall mean this Agreement and all Exhibits attached hereto, the Redevelopment Plan, the recorded plats described in Recital D, the Common Area Agreement, the NKO Redevelopment Plan, the Residential Planned Development, the TIF Ordinances, the Scope Drawings, the Rental Plans and Specifications, Project Budget and MBE/WBE Project Budget, the Annual Contribution Contract, the Regulatory Agreement, the CHA Declaration, the CHA R&O Agreement, the City Regulatory Agreement, the IHDA Extended Use Agreement, the IHDA Regulatory Agreement, the Rental Property Lease and all amendments thereto, and all federal, State and local laws, ordinances, rules, regulations, executive orders and codes from time to time applicable to the Project, the Rental Property and the Rental Developer.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"HUD" shall mean the U.S. Department of Housing and Urban Development.

"IHDA" shall mean the Illinois Housing Development Authority, a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., its successors and assigns.

"IHDA Extended Use Agreement" shall mean the Extended Use Agreement between IHDA and the Rental Developer dated April 1, 2003.

"IHDA Loan" shall mean the financing provided by IHDA for the Project described in Exhibit J attached hereto.

"IHDA Documents" shall mean all documents evidencing, securing and relating to the IHDA Loan.

"IHDA Regulatory Agreement" shall mean the Regulatory Agreement between IHDA and the Rental Developer dated April 1, 2003.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City for deposit by the Treasurer into the TIF Fund to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Infrastructure Improvements" shall mean the construction by the Rental Developer of the streets, curbs, sidewalks, alleys, parking areas, sewer and water lines, and utilities, to the extent such construction is the responsibility of the Rental Developer (and not the responsibility of the City, any private utility or the For Sale Developer) as detailed in the Rental Plans and Specifications.

"Lender Financing" shall mean funds borrowed by the Rental Developer available to pay for the costs of construction of the Rental Development and identified on Exhibit J attached hereto.

"Lenders" shall mean the providers of the Lender Financing.

"Market Rate Rental Units" shall mean units in the Rental Development that may be leased to private individuals at market rates without any income qualification or rent restrictions.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise.

"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit K-2, as described in Section 10.03.

"Mid-Rise Building" shall have the meaning set forth in Recital D.

"Mid-Rise Construction Contract" shall mean that certain contract dated March 24, 2003, as amended, between the Rental Developer and Walsh relating to the Mid-Rise Project, as amended from time to time.

"Mid-Rise Project" shall mean the construction of the Mid-Rise Rental Building and any related work (including Remediation Work applicable to the Mid-Rise Property).

"Mid-Rise Property" shall have the meaning set forth in Recital D.

"Mid-Rise Supplemental Contract" shall mean that certain Supplement to Owner/Contractor Agreement between the Rental Developer and Walsh relating to the remediation work associated with Mid-Rise Project, as amended from time to time.

"Municipal Code" shall mean the Municipal Code of the City.

"NKO Redevelopment Plan" shall mean the North Kenwood-Oakland Conservation Plan as approved by the City Council, as amended from time to time.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the Rental Developer or the Rental Property or the Project.

"Owners' Title Policy" shall mean for the Rental Property, a leasehold title insurance policy in the most recently revised ALTA or equivalent form, showing fee simple title to such real property in the CHA, and insuring the leasehold interest of the Rental Developer.

"Permitted Liens" shall mean those liens and encumbrances against the Rental Property set forth in Exhibit L, liens arising from any refinancing of the Rental Financing permitted hereunder,

utility and other easements reasonably necessary to the operation of the Rental Development, leases and subleases contemplated under this Agreement, and liens being contested in accordance with the City Loan Documents.

"Plat of Subdivision" shall mean the plat of subdivision for Lake Park Crescent Subdivision, also providing for certain dedications or openings, and the related ordinance that shall be recorded prior to the recording of this Agreement.

"Plat of Vacation" shall mean the plat of vacation and the related ordinance approved by the City Council on June 19, 2002 and recorded December 16, 2002 as document no. 21392635 in the Recorder's Office of Cook County.

"Project" shall mean the Rental Development project described in Recital D.

"Project Budget" shall mean the budget attached hereto as Exhibit K-1, showing the total construction cost of the Project improvements by line item, furnished to DOH, in accordance with Section 3.03 hereof.

"Project Costs" shall mean all of the costs incurred in connection with the construction of the Rental Development.

"Public Housing Rental Units" shall mean the 60 units in the Rental Development which, upon completion of construction, shall be leased to (or otherwise made available for occupancy to) CHA Tenants by the Rental Developer in accordance with the CHA R&O Agreement.

"Recorded Affordability Documents" shall mean this Agreement, the Regulatory Agreement, the IHDA Extended Use Agreement, the IHDA Regulatory Agreement, the CHA Declaration, the CHA R&O Agreement, the City Regulatory Agreement, and the Rental Property Lease (or recorded memoranda thereof).

"Redevelopment Area" shall have the meaning set forth in Recital C.

"Redevelopment Plan" shall have the meaning set forth in Recital F.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Regulatory Agreement" shall mean that certain Regulatory Agreement for Multifamily Housing Projects dated as of the date

hereof and amendments thereto, if any, entered into between the Rental Developer and HUD as to the Rental Property.

"Rental Buildings" shall have the meaning set forth in Recital D.

"Rental Developer" shall have the meaning set forth in the Preamble of this Agreement.

"Rental Development" shall mean the construction of the Rental Buildings and related improvements in accordance with the Rental Plans and Specifications.

"Rental Escrow" shall mean the construction escrow established pursuant to the Rental Escrow Agreement.

"Rental Escrow Agreement" shall mean that certain Construction Loan Escrow and Disbursement Agreement dated as of April 1, 2003 by and among the First Mortgagee, the City, the CHA and IHDA as lenders of the Rental Financing, the Title Company (or an affiliate of the Title Company), as escrow agent, the Rental Developer, as borrower, and certain other parties.

"Rental Financing" shall mean the financing described in Exhibit J attached hereto.

"Rental Financing Documents" shall mean all documents evidencing, securing and relating to the FHA-Insured Loan, City Loan, the CHA Loan, the IHDA Loan and the Bridge Loan.

"Rental Plans and Specifications" shall mean the final construction documents containing a site plan and working drawings and specifications for the Rental Buildings, Infrastructure Improvements and landscaping, as approved in accordance with Section 3.02 hereof.

"Rental Property" shall have the meaning set forth in Recital D and shall include all improvements thereon (whether now existing or hereafter constructed) and all easements, rights, interests and appurtenances thereto.

"Rental Property Lease" shall mean the lease to be executed on the Closing Date by the Rental Developer and the CHA leasing the Rental Property to the Rental Developer for a period of 99 years, as the same may be amended from time to time and/or extended in accordance with its terms. The form of the Rental Property Lease shall be acceptable to the City, in its sole discretion.

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit M, to be delivered by the Developer to DPD pursuant to Section 4.02(b) of this Agreement.

"Residential Planned Development" shall mean the zoning reclassification and Plan of Development Statements approved by the City Council on February 27, 2002 and published in the Journal of Proceedings of the City Council at pages 80434-80456 and identified as Residential Planned Development Number 817.

"Scope Drawings" shall mean for the Rental Development, the applicable preliminary construction documents containing a site plan and preliminary drawings and specifications for such improvements.

"Six-Flat Buildings" shall have the meaning set forth in Recital D.

"Six-Flat Construction Contract" shall mean that certain contract dated March 24, 2003, as amended, between the Rental Developer and Skender relating to the Six-Flat Project.

"Six-Flat Project" shall mean the construction of the Six-Flat Buildings and any related work (including Remediation Work applicable to the Six-Flat Property).

"Six-Flat Property" shall have the meaning set forth in Recital D.

"Six-Flat Supplemental Contract" shall mean that certain Supplement to Owner/Contractor Agreement between the Rental Developer and Skender relating to the remediation work associated with Six-Flat Project, as amended from time to time.

"Skender" shall mean Skender Construction Company, as general contractor for the Six-Flat Project.

"State" shall have the meaning set forth in Recital A.

"Surplus Cash" shall have the meaning ascribed to it in the Regulatory Agreement.

"Survey" shall mean a plat of survey of the Rental Property (which may also include the For Sale Property) complying with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys (1999) dated within 120 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State, certified to the City and the Title Company, and indicating whether the Rental Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Rental Property in connection with the construction of the applicable portion of the Project improvements and related improvements as required by the City or Lenders.

"Tax Credit Equity" shall mean funds of Rental Developer to be derived from the syndication of low income housing tax credits to be purchased by the Tax Credit Limited Partner in an amount not less than the amount set forth in Exhibit J attached hereto, or such other amount as may be acceptable to the Commissioner, in his sole discretion.

"Tax Credit Limited Partner" shall mean Sun America Housing Fund 1085, a Nevada Limited Partnership, the limited partner of the Rental Developer, or such other tax credit syndication source acceptable to the City, together with its permitted successors and permitted assigns.

"Tax Credit Rents" shall mean rents charged for units in the Rental Buildings Development occupied by Tax Credit Tenants which comply with the rent restrictions set forth in Internal Revenue Code Section 42.

"Tax Credit Tenants" shall mean persons renting units in the Rental Buildings who meet the tenant eligibility set forth in Internal Revenue Code Section 42.

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the later of: (a) the date on which all tax increment revenue obligations (whether bonds or notes), if any, evidencing tax increment financing under the Act secured in whole or in part by Incremental Taxes generated by the Project shall be redeemed; or (b) December 31, 2026 (such date being the last day of the calendar year in which taxes levied during the 23rd year of the life of the Redevelopment Area are collected).

"TIF Adoption Ordinance" shall have the meaning set forth in Recital C.

"TIF Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"TIF-Funded Interest Costs" shall mean those costs which (i) are included within the definition of redevelopment project costs in Section 5/11-74.4-3(q) of the Act and are included in the Redevelopment Plan, and (ii) have the meaning set forth in Section 4.02 hereof.

"TIF Ordinances" shall have the meaning set forth in Recital C.

"Title Company" shall mean Stewart Guaranty Title Company.

"Walsh" shall mean Walsh Construction Company of Illinois, as general contractor for the Mid-Rise Project.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.), as amended and supplemented from time to time.

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

SECTION 3. THE RENTAL DEVELOPMENT PROJECT

3.01 The Rental Development Project. The Rental Developer shall: (i) commence construction of the Rental Development no later than April, 30, 2003, and (ii) complete construction of the Rental Development no later than December 31, 2004, in each instance subject to the provisions of Section 18.16 of this Agreement. The Project shall be carried out in accordance with the Rental Plans and Specifications for the Project. In the event that HUD grants an extension of time for commencement or completion of construction of the Project, the Rental Developer shall notify the City within five business days after receipt of notice of such extension and the foregoing dates shall be automatically extended accordingly.

3.02 Rental Plans and Specifications. The Rental Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and shall comply with all applicable State and local laws, ordinances and regulations. As of the date hereof, the Rental Developer has delivered to DOH, and DOH has approved, the Rental Plans and Specifications, a list of which are attached hereto as Exhibit N. The Rental Developer has submitted also all such documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

Any material amendment to the Rental Plans and Specifications must be submitted to DOH for its approval.

3.03 Project Budget. The Rental Developer has furnished to DOH, and DOH has approved, the Project Budget. The Rental Developer hereby certifies to the City that (a) Lender Financing and Tax Credit Equity shall be sufficient to pay all Project Costs (other than the TIF-Funded Interest Costs) and (b) to the best of the Rental Developer's knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. The Rental Developer hereby represents to the City that the Lender Financing is (a) along with Tax Credit Equity and the City Funds, necessary to pay for all Project Costs and (b) available to be drawn upon to pay for certain Project Costs in

accordance with the terms of the documents securing the Lender Financing.

3.04 Other Approvals. Construction of the Project shall not commence until (a) the Rental Developer has obtained all permits and approvals required by State, federal or local statute, ordinance or regulation, unless the Commissioner, in his sole discretion, agrees to the start of construction with less than complete building permits, and (b) each General Contractor has delivered to the Rental Developer performance and payment bonds in the full amount of its Construction Contract.

3.05 Survey Updates. Upon DOH's request, the Rental Developer shall provide three as-built Surveys to DOH reflecting improvements made to the Rental Property (which Survey may also include the For Sale Property).

3.06 Architects' Certificates and Periodic Reports. The Rental Developer has contracted with the Architects on the Project. The Rental Developer's Architects shall each provide the following documents to DOH, as to their respective scope of work:

(a) at the time of execution of this Agreement, an original executed Architect's Opening Certificate in the form attached hereto as Exhibit O-1;

(b) during construction of the Project on a monthly basis, a copy of AIA Form G-703, or a comparable form containing the same information as AIA Form G-703, and inspection reports; and

(c) upon completion of the Project, an original executed Architect's Completion Certificate in the form attached hereto as Exhibit O-2.

SECTION 4. FINANCING FOR THE PROJECT COSTS

4.01 Initial Financing for the Project. The Rental Developer shall pay for all of the Project Costs, except the TIF-Funded Interest Costs, using the proceeds of the Lender Financing and Tax Credit Equity.

4.02 Reimbursement for TIF-Funded Interest Costs.

(a) The City hereby agrees to pay or reimburse the Rental Developer from Available Incremental Taxes, if any, for a portion of the interest costs incurred by the Rental Developer that will accrue on the FHA-Insured Loan (and, if required, on one or more of the CHA Loan, the City Loan and the IHDA Loan) (the "TIF-Funded Interest Costs") in each year and in the amounts set forth in

Exhibit H hereto; provided, however, that in no event shall the amount payable by the City for TIF-Funded Interest Costs exceed the lesser of (x) the maximum amount specified in Section 4.04 or, (y) the lesser of:

(i) 75 percent of the annual interest costs on the FHA-Insured Loan (and, if required, on one or more of the CHA Loan, the City Loan and the IHDA Loan) incurred by the Rental Developer with regard to the Project during that year, provided that, if there are not sufficient Available Incremental Taxes to make the payment pursuant to this subparagraph, then the amounts so due shall accrue and be payable when Available Incremental Taxes are available; or

(ii) 75 percent of the total (A) cost paid or incurred by the Rental Developer on the Project, plus (B) redevelopment project costs (excluding any property assembly costs and relocation costs) incurred by the City pursuant to the Act.

(b) The amounts payable pursuant to Section 4.02(a) shall be paid by the City in accordance with this Agreement while the Lender Financing remains outstanding and so long as the TIF-Funded Interest Costs, may, under the Act, be legally paid out of Available Incremental Taxes. The amounts payable pursuant to Section 4.02(a) shall be paid annually by the City to the First Mortgagee for distribution to the appropriate parties. The City will pay the First Mortgagee for the TIF-Funded Interest Costs for the Project upon submission by the First Mortgagee to the DOH of an executed Requisition Form for TIF-Funded Interest Costs in the form attached hereto as Exhibit M. The Requisition Form for TIF-Funded Interest Costs shall be sent to DOH on or after November 1 of each year that payment is requested, and shall set forth the date for payment that shall be not less than 60 days from the date of its receipt by the DOH. The City Comptroller shall pay, to the extent of any Available Incremental Taxes then available in the TIF Fund, the amount requested in the Requisition Form for TIF-Funded Interest Costs within 60 days of its receipt; provided, that the amount so requested shall not exceed the maximum amount payable for such year as shown on Exhibit H attached hereto, plus any portion of such maximum amount for prior years that has not been paid as a result of insufficient funds. The First Mortgagee shall submit to the DOH and the Department of Finance at the addresses specified in Section 17 copies of monthly invoices sent to the Rental Developer by the First Mortgagee (and, if applicable, a statement of interest accrued on the City Loan, the CHA Loan and the IHDA Loan) based on the Rental Developer's most recent Financial Statements or such other substantiating evidence as the City may accept) to evidence the accrual of such amounts for TIF-Funded Interest Costs. Upon the City's request, the First Mortgagee will provide any additional supporting documentation. Attached as Exhibit P is a schedule of maximum amounts that may be reimbursed as interest cost incurred by

the Rental Developer in accordance with the Redevelopment Plan and the limitations provided in Section 11-74.4-3(q)(11) of the Act.

4.03 Sufficiency of Available Incremental Taxes for TIF-Funded Interest Costs. It is hereby understood and agreed to by the Rental Developer that the City does not make any representations that the amount of the Available Incremental Taxes will be sufficient to pay for or reimburse the Rental Developer for any or all of the TIF-Funded Interest Costs.

4.04 Source of City Funds to Pay TIF-Funded Interest Costs. Subject to the terms and conditions of this Agreement, the City hereby agrees to reserve City Funds from the sources and in the amounts described directly below to pay TIF-Funded Interest Costs:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Incremental Taxes Attributable to the Tax Parcels Comprising the Rental Property	\$1,700,000

The Rental Developer acknowledges and agrees that the City has committed to reserve only the Incremental Taxes attributable to the tax parcels comprising the Rental Property and that the Rental Developer has no right or claim to, and the City shall be free to otherwise reserve, pledge and commit to other redevelopment projects or financing, the Incremental Taxes attributable to the other tax parcels in the Redevelopment Area. The City acknowledges and agrees that the Rental Developer shall have a first priority claim to the Available Incremental Taxes committed and reserved under this Section 4.04.

SECTION 5. GENERAL PROVISIONS

5.01 DOH Approval. Any approval granted by DOH pursuant to this Agreement is for the purposes of this Agreement only and does not affect or constitute any approval required by any other department of the City or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DOH pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Rental Property or the Project.

5.02 Other Approvals. Any DOH approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Rental Developer's obligations to comply with the provisions of Sections 3.02 and 3.04 hereof.

5.03 Signs and Public Relations. The Rental Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Rental Property during the construction of the Project indicating that partial financing is being provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Rental Developer, the Rental Property and the Project in the City's promotional literature and communications.

5.04 Utility Connections. The Rental Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Rental Property to the City utility lines existing on or near the perimeter of the Rental Property, provided the Rental Developer first complies with all the City requirements governing such connections, including the payment of customary fees and costs related thereto, subject to any fee and/or cost waivers provided to the Rental Developer by the City, if any.

5.05 Permit Fees. In connection with the Project, the Rental Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City and are of general applicability to other property within the City, subject to any fee waivers provided to the Rental Developer by the City, if any.

SECTION 6. CONDITIONS

The following conditions shall be complied with to the City's satisfaction not less than five (5) business days prior to the closing date:

6.01 Owner's Title Policy. The Rental Developer shall provide the City with a copy of the Owner's Title Policy showing the Rental Developer holding a 99 year leasehold interest in each site comprising the Rental Property.

6.02 Survey. The Rental Developer shall furnish the City with a Survey of each site comprising the Rental Property (which Survey may also include the For Sale Property, provided that the Rental Property is separately depicted).

6.03 Insurance. The Rental Developer, at its own expense, shall insure each site comprising the Rental Property in accordance with Section 13 hereof.

6.04 Opinion of Rental Developer's Counsel. The Rental Developer shall furnish the City with an opinion of counsel upon the execution of this Agreement in a form reasonably acceptable to Corporation Counsel.

6.05 City Loan Closing Conditions. All conditions precedent to the closing of the City Loan shall have been satisfied (or waived in writing by DOH if DOH, in its sole discretion, should elect to waive any such closing condition(s)).

SECTION 7. AGREEMENTS WITH CONTRACTORS

7.01 City Resident Employment Requirement. The Rental Developer agrees for itself and its successors and assigns, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Rental Developer performing construction work related to the Rental Development (individually an "Employer" and collectively, "Employers"), as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City of Chicago specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the construction of the Project shall be performed by actual residents of the City of Chicago); provided, however, that in addition to complying with this percentage, the Rental Developer and the other Employers shall be required to make good faith efforts to utilize qualified residents of the City of Chicago in both skilled and unskilled labor positions.

The Rental Developer and the other Employers may request a reduction or waiver of this minimum percentage level of total worker hours performed by actual residents of the City of Chicago as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the chief procurement officer of the City of Chicago.

"Actual residents of the City of Chicago" shall mean persons domiciled within the City of Chicago. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Rental Developer and the other Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Rental Developer and the other Employers shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DOH in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the company hired the employee should be written in after the employee's name.

indebtedness secured by a mortgage on the Project, provided, however, that this limitation shall not prevent Draper and Kramer, Incorporated or any applicable General Contractor from paying any monetary obligations due under this Section 7.01. In addition, the Rental Developer shall make good faith efforts that all other contracts entered into in connection with the Project for work done, services provided or materials supplied shall be let to persons or entities whose main office and place of business are located within the City, subject to applicable HUD regulations.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement.

The Rental Developer shall cause or require the provisions of this Section 7.01 to be included in all Construction Contracts and subcontracts related to the Project.

7.02 Prevailing Wage. The Rental Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractors and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Rental Developer shall provide the City with copies of all such contracts entered into by the Rental Developer or the General Contractors to evidence compliance with this Section 7.02.

The Rental Developer shall cause or require the provisions of this Section 7.02 to be included in all Construction Contracts and subcontracts related to the Project.

7.03 Maintaining Records. On a monthly basis until completion of construction of the Project, the Rental Developer shall provide to DOH reports in a form satisfactory to DOH evidencing its compliance with Sections 7.01 and 7.02.

7.04 Other Provisions. Photocopies of all contracts or subcontracts entered into by the Rental Developer in connection with the Project shall be made available to DOH upon request. The Rental Developer has the right to delete proprietary information from such contracts or subcontracts, provided, however, that upon DOH's request, the Rental Developer shall make available such proprietary information for review by any authorized City representative.

SECTION 8. COMPLETION OF CONSTRUCTION

8.01 Certificate of Completion. Upon completion of the construction of the Project and related redevelopment activities constituting the Project in accordance with the terms of this Agreement, and upon the Rental Developer's written request, DOH shall issue to the Rental Developer a Certificate in recordable form certifying that the Rental Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DOH shall respond to the Rental Developer's written request for a Certificate by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures that must be taken by the Rental Developer in order to obtain the Certificate. The Rental Developer may resubmit a written request for a Certificate upon completion of such measures.

8.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction of the Project and related redevelopment activities constituting the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Rental Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 9.02 and 9.12 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Rental Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Rental Developer or a permitted assignee of the Rental Developer who, pursuant to Section 18.14 of this Agreement, has contracted to take an assignment of the Rental Developer's rights under this Agreement and assume the Rental Developer's liabilities hereunder.

8.03 Failure to Complete. If the Rental Developer fails to complete the Project in accordance with the terms of this Agreement, then the City shall have, but shall not be limited to, any of the following rights and remedies:

(a) subject to the provisions of Sections 16.02 and 16.04, the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete the Project and to pay for its costs out of City Funds or other City monies. In the event that the aggregate cost of completing the Project exceeds the amount of City Funds available, the Rental Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such work in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Rental Developer.

8.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DOH shall provide the Rental Developer, at the Rental Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired and providing for a release of this Agreement.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF RENTAL DEVELOPER

The Rental Developer represents, warrants and covenants to the City as follows:

9.01 General. The Rental Developer represents, warrants and covenants that:

(a) the Rental Developer is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in every other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) the Rental Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by the Rental Developer of this Agreement has been duly authorized by all necessary partnership action and will not violate its partnership agreement as amended and supplemented, any applicable provision of law, or constitute a material breach of, default under or require any consent under, any agreement, instrument or document to which the Rental Developer is now a party or by which the Rental Developer is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement, including Section 18.14 hereof, the Rental Developer shall acquire and shall maintain a 99 year leasehold interest in the Rental Property, subject to those matters shown in the Title Policy, other Permitted Liens and to such other matters as to which DOH may consent in writing. The Rental Developer may make application to HUD for a Transfer of Physical Assets in accordance with paragraph R-9 of the HUD-Required Provisions Rider attached hereto;

(e) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or to the Rental Developer's knowledge, threatened or affecting the Rental Developer which would materially impair its ability to perform under this Agreement;

(f) the Rental Developer shall obtain and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to construct, complete and operate its business at the Rental Property; to the extent any such authorizations and approvals are to be obtained by the City or the CHA with respect to any environmental remediation work, the Rental Developer shall cooperate with the City and CHA in obtaining such authorizations and approvals;

(g) the Rental Developer is not aware of any default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Rental Developer is a party or by which the Rental Developer is bound which would materially affect its ability to perform hereunder;

(h) the Financial Statements when submitted will be, complete and correct in all material respects and will accurately present the assets, liabilities, results of operations and financial condition of the Rental Developer; and

(i) the Rental Developer is satisfied that it will be taking the measures required to be taken to bring the Rental Property and the Project into compliance with Environmental Laws and that the Rental Property is suitable for its intended use.

9.02 Covenant to Redevelop. The Rental Developer shall redevelop and operate the Rental Property substantially in accordance with the Agreement and all Exhibits attached hereto, the TIF Ordinances, the Rental Plans and Specifications, the Project Budget and all amendments thereto, and all federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Rental Property and/or the Rental Developer, including, without limitation, the Recorded

Affordability Documents. The covenants set forth in this Section 9.02 shall run with the land and be binding upon any transferee of the Rental Property.

9.03 Redevelopment Plan. The Rental Developer represents that the Project shall be in compliance with all of the terms of the Redevelopment Plan.

9.04 Use of Available Incremental Taxes. Available Incremental Taxes disbursed to, or on behalf of, the Rental Developer shall be used solely to pay or reimburse the Rental Developer for the TIF-Funded Interest Costs as provided in this Agreement.

9.05 Arms-Length Transactions. Unless DOH shall have given its prior written consent with respect thereto, and except as disclosed in the Project Budget, no Affiliate of the Rental Developer may receive any part of the City Funds, directly or indirectly, through reimbursement of the Rental Developer pursuant to Section 4 or otherwise, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Interest Costs. The Rental Developer shall provide information as to any entity to receive the City Funds (by reimbursement or otherwise), upon DOH's request, prior to any such disbursement.

9.06 Conflict of Interest. The Rental Developer represents and warrants that no member, official or employee of the City, or member of any commission or committee exercising authority over the Project or the Redevelopment Plan, or any consultant hired by the City in connection with the Project, owns or controls (or has owned or controlled) any interest, direct or indirect, in the Rental Developer's business or the Rental Property.

9.07 Disclosure of Interest. The Rental Developer's counsel has no direct or indirect financial ownership interest in the Rental Developer, the Rental Property or any other aspect of the Project.

9.08 Financial Statements. The Rental Developer shall maintain and provide to DOH its Financial Statements at the earliest practicable date but no later than 120 days following the end of the Rental Developer's fiscal year, each year for the Term of the Agreement.

9.09 Rental Developer's Liabilities. The Rental Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder. The Rental Developer shall immediately notify DOH of any and all events or actions that may materially affect the Rental Developer's ability to perform its obligations under this Agreement.

9.10 Compliance with Laws. The Rental Developer represents and warrants that to the best of the Rental Developer's knowledge, after diligent inquiry, the Rental Property and the Project are, as of the Closing Date, and covenants that in the future, the Rental Property and the Project shall be, in compliance with all applicable federal, State and local laws, statutes, ordinances, rules, regulations, executive orders and codes. Upon the City's request, the Rental Developer shall provide copies of any documentary evidence of compliance of such laws that may exist, such as, by way of illustration and not limitation, permits and licenses.

9.11 Recording and Filing. The Rental Developer shall cause this Agreement, certain Exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with any Lender Financing. The Rental Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Rental Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

9.12 Real Estate Provisions.

(a) Governmental Charges. The Rental Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Rental Developer, the Rental Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Rental Developer or all or any portion of the Rental Property or the Project. "Governmental Charge" shall mean all federal, State, county, City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Rental Developer, the Rental Property or the Project, including but not limited to real estate taxes. The Rental Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Rental Property. The Rental Developer shall have the right to challenge real estate taxes applicable to the Rental Property provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Rental Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Rental Developer has given prior written notice to DOH of the

Rental Developer's intent to contest or object to a Governmental Charge and, unless, at DOH's sole option, (i) the Rental Developer shall demonstrate to DOH's satisfaction that legal proceedings instituted by the Rental Developer contesting or objecting to a Governmental Charge is reasonably likely to operate to prevent a lien against or the sale or forfeiture of all or any part of the Rental Property to satisfy such Governmental Charge prior to final determination of such proceedings and/or (ii) the Rental Developer shall furnish a good and sufficient bond or other security satisfactory to DOH in such form and amounts as DOH shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Rental Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest. If the Rental Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Rental Developer shall advise DOH thereof in writing, at which time DOH may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Rental Developer under this Agreement, in DOH's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DOH deems advisable. All sums so paid by DOH, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly paid to DOH by the Rental Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Rental Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Rental Developer to submit to City audited Financial Statements at the Rental Developer's own expense. Rental Developer's right to challenge real estate taxes applicable to the Rental Property is limited as provided for in Section 9.12(b) below.

(b) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Rental Developer agrees that (A) for the purpose of this Agreement, the total projected minimum equalized assessed value of the Rental Property ("Minimum Equalized Assessed Value") anticipated to be necessary to generate Incremental Taxes sufficient to pay the TIF-Funded Interest Costs is shown on Exhibit Q attached hereto for the years noted on Exhibit Q and (B) the real estate taxes anticipated to be generated and derived from the respective portions of the Rental Property and the Project for the years shown are fairly and accurately indicated in Exhibit Q.

(ii) Real Estate Tax Exemption. With respect to the Rental Property or the Project, neither the Rental Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Rental Developer shall, during the Term of the Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that this Agreement is in effect. The foregoing shall not apply to limit the Rental Developer or the CHA from seeking abatement of taxes with respect to the 60 public housing units pursuant to 35 ILCS 200/18-177, or any exemption available with respect to such public housing units under other applicable law, or seeking Class 9 status for other eligible Rental Development units.

(iii) No Reduction in Equalized Assessed Value. Neither the Rental Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Rental Developer shall, during the Term of the Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the equalized assessed value of all or any portion of the Rental Property or the Project below the amount of the Minimum Equalized Assessed Value as shown in Exhibit Q.

(iv) No Objections. Neither the Rental Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Rental Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either City or by any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean a complaint seeking to increase the assessed value of the Project to an amount not greater than the Minimum Equalized Assessed Value.

(c) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 9.12 are covenants running with the Rental Property and this Agreement shall be recorded by Rental Developer as a memorandum thereof, at the Rental Developer's expense, with the Cook County Recorder of Deeds on the date of execution of the Agreement. These restrictions shall be binding upon the Rental Developer and its agents, representatives, lessees, successors, assigns and transferee from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Rental Developer agrees that any sale, conveyance, or transfer of title to all or any portion of the Rental Property or Redevelopment Area

from and after the date hereof shall be made subject to such covenants and restrictions.

9.13 Survival of Covenants. All warranties, representations, covenants and agreements of the Rental Developer contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the Rental Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 10. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

10.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder, and covenants that: (a) the TIF Fund will be established, (b) the Incremental Taxes will be deposited therein, and (c) the Available Incremental Taxes shall remain available to pay the City's obligations under Sections 4.02 and 4.04 as the same become due, as long as the TIF-Funded Interest Costs continue to be payable from Available Incremental Taxes under the Act. The City agrees not to amend the Redevelopment Plan so as to materially impair its ability to pay in full any amounts due from the City under this Agreement without the written consent of the Rental Developer and the Lenders.

10.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 10 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 11. EMPLOYMENT OPPORTUNITY

The Rental Developer and its successors and assigns hereby agree, and shall contractually obligate its or their contractors or any Affiliate of the Rental Developer operating on the Rental Property (individually an "Employer" and collectively, "Employers") to agree, that for the Term of the Agreement with respect to the Rental Developer and during the period of any other such party's provision of services hereunder or occupation of the Rental Property:

(a) No Employer shall discriminate against any employee or applicant for employment on the basis of race, color, sex, age, religion, mental or physical disability, national origin, ancestry, sexual orientation, marital status, parental status, military

discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988, Municipal Code of Chicago, c h. 2-160, Section 2-160-010 et seq., as amended from time to time (the "Human Rights Ordinance"). Each Employer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause.

(b) All solicitation or advertisement for employees placed by or on behalf of any Employer shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income.

(c) Each Employer shall comply with federal, State and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1992), and any subsequent amendments and regulations promulgated pursuant thereto.

(d) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 11, during the course of construction of the Project, at least the following percentages of the construction costs for the Project set forth in the MBE/WBE Project Budget attached hereto as Exhibit K-2 shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):

- a. at least 25 percent by MBEs;
- b. at least 5 percent by WBEs.

Satisfaction of such MBE/WBE participation requirement shall be on an Project basis (e.g., failure to satisfy such requirements with respect to the Six-Flat Project shall not give rise to a default so long as the MBE/WBE participation percentages from the Six-Flat

Project, when aggregated with those in the Mid-Rise Project, satisfy the 25/5 requirements set forth above, and vice versa).

Consistent with Section 2-92-440, Municipal Code of Chicago, the Rental Developer's MBE/WBE commitment may be achieved in part by the Rental Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Rental Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Rental Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities that constitute both a MBE and a WBE shall not be credited more than once with regard to the Rental Developer's MBE/WBE commitment as described in this Section 11.

The Rental Developer shall deliver quarterly reports to DOH during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Rental Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DOH in determining the Rental Developer's compliance with this MBE/WBE commitment. The Rental Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DOH shall have access to all such records maintained by the Rental Developer, on five business days' notice, to allow the City to review the Rental Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Rental Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

Prior to the commencement of the Project, the Rental Developer shall be required to meet with the monitoring staff of DOH with

regard to the Rental Developer's compliance with its obligations under this Section 11. The General Contractors and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Rental Developer shall demonstrate to DOH its plan to achieve its obligations under this Section 11, the sufficiency of that shall be approved by DOH. During the Project, the Rental Developer shall submit the documentation required by this Section 11 to the monitoring staff of DOH. Failure to submit such documentation on a timely basis, or a determination by DOH, upon analysis of the documentation, that the Rental Developer is not complying with its obligations under this Section 11, shall, upon the delivery of written notice to the Rental Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided hereunder, the City may: (1) issue a written demand to the Rental Developer to halt the Project, (2) withhold any further payments to, or on behalf of, the Rental Developer, or (3) seek any other remedies against the Rental Developer available at law or in equity.

(e) The Rental Developer will include the foregoing provisions in every contract entered into in connection with the Project and every agreement with any Affiliate operating on the Rental Property so that such provision will be binding upon each contractor or Affiliate, as the case may be.

SECTION 12. ENVIRONMENTAL MATTERS

The Rental Developer hereby represents and warrants to the City that the Rental Developer has conducted environmental studies sufficient to conclude that the Project may, subject to completion of the contemplated remediation work, be constructed, completed and operated in accordance with all Environmental Laws (taking into account the application of any No Further Remediation Letters issued with respect to the Rental Property) and this Agreement and all Exhibits attached hereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, Rental Developer agrees to indemnify, defend and hold City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against City as a direct or indirect result of any of the following, occurring after the date of this Agreement, regardless of whether or not caused by, or within the control of Rental Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Rental Property or (B) any other real property in

which Rental Developer, or any person directly or indirectly controlling, controlled by or under common control with Rental Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by Rental Developer), or (ii) any liens against the Rental Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of City or Rental Developer or any of its subsidiaries under any Environmental Laws relating to the Rental Property. Any monetary obligations of the Rental Developer hereunder shall be satisfied from distributable Surplus Cash only during such time as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project.

SECTION 13. INSURANCE

The Rental Developer shall procure and maintain, or cause to be maintained, at its sole cost and expense, at all times throughout the Term of the Agreement, and until each and every obligation of the Rental Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by the Rental Developer, any contractor or subcontractor:

(a) Prior to Execution and Delivery of this Agreement: At least 10 business days prior to the execution of this Agreement, the Rental Developer shall procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, independent contractors, broad form property

damage and contractual liability coverages are to be included.

(b) Construction: Prior to the construction of any portion of the Project, the Rental Developer shall procure and maintain, or cause to be maintained, the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under or in connection with this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$2,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included.

(iii) Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed in connection with this Agreement, the Rental Developer shall provide Automobile Liability Insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit, for bodily injury and property damage.

(iv) All Risk Builders Risk Insurance

When the Rental Developer, any contractor or subcontractor undertakes any construction, including improvements, betterments, and/or repairs, Rental Developer, such contractor or subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities.

Coverage extensions shall include boiler and machinery, and flood.

(v) Professional Liability

When any architects, engineers or consulting firms perform work in connection with this Agreement, Professional Liability insurance shall be maintained with limits of \$1,000,000.00. The policy shall have an extended reporting period of two years. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project.

(c) Other Provisions

Upon DOH's request, the Rental Developer shall provide DOH with copies of insurance policies or certificates evidencing the coverage specified above. If the Rental Developer fails to obtain or maintain any of the insurance policies required under this Agreement or to pay any insurance policies required under this Agreement, or to pay any premium in whole or in part when due, the City may (without waiving or releasing any obligation or Event of Default by the Rental Developer hereunder) obtain and maintain such insurance policies and take any other action that the City deems advisable to protect its interest in the Rental Property and/or the Project. All sums so disbursed by the City including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Rental Developer upon demand by the City. Any monetary obligations of the Rental Developer hereunder shall be satisfied from distributable Surplus Cash only during such time as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project.

The Rental Developer agrees, and shall cause each contractor and subcontractor to agree, that any insurance coverages and limits furnished by the Rental Developer and such contractors or subcontractors shall in no way limit the Rental Developer's liabilities and responsibilities specified under this Agreement or any related documents or by law, or such contractor's or subcontractor's liabilities and responsibilities specified under any related documents or by law. The Rental Developer shall require all contractors and subcontractors to carry the insurance required herein, or the Rental Developer may provide the coverage for any or all contractors and subcontractors, and if so, the evidence of insurance submitted shall so stipulate.

The Rental Developer agrees, and shall cause its insurers and the insurers of each contractor and subcontractor engaged after the date hereof in connection with the Project to agree, that all such insurers shall waive their rights of subrogation against the City.

The Rental Developer shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, State or local regulations concerning the removal and transport of Hazardous Materials.

The City maintains the right to modify, delete, alter or change the provisions of this Section 13 upon receipt of HUD's prior written consent and so long as such action does not, without the Rental Developer's prior written consent, increase the requirements set forth in this Section 13 beyond that which is reasonably customary at such time.

SECTION 14. INDEMNIFICATION

The Rental Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses including, without limitation, reasonable attorneys' fees and court costs, suffered or incurred by the City arising from or in connection with (i) the Rental Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Rental Developer's or any contractor's failure to pay contractors or materialmen in connection with the Project, or (iii) the existence of any material misrepresentation or omission in any other document related to this Agreement and executed by the Rental Developer that is the result of information supplied or omitted by the Rental Developer or its agents, employees, contractors or persons acting under the control or at the request of the Rental Developer or (iv) the Rental Developer's failure to cure its misrepresentation in this Agreement or any other agreement with the City relating thereto within the cure period provided. Any monetary obligations of the Rental Developer hereunder shall be satisfied from distributable Surplus Cash only during such time as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project.

SECTION 15. MAINTAINING RECORDS/RIGHT TO INSPECT

15.01 Books and Records. The Rental Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Rental Developer's loan statements, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Rental Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Rental Developer's expense. The Rental Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Rental Developer with respect to the Project.

15.02 Inspection Rights. Any authorized representative of the City shall have access to all portions of the Project and the Rental Property during normal business hours for the Term of the Agreement.

SECTION 16. DEFAULT AND REMEDIES

16.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Sections 16.03, 16.04 and 18.16, shall constitute an "Event of Default" by the Rental Developer hereunder:

(a) the failure of the Rental Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Rental Developer under this Agreement or any of the City Loan Documents;

(b) the failure of the Rental Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of Rental Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Rental Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Rental Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Rental Property, including any fixtures now or hereafter attached thereto, other than the

Permitted Liens, other permitted liens consented to in writing by the City and mortgages, regulatory agreements and land use agreements related to the Lender Financing or the use of certain Project units by the CHA, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Rental Developer or for the liquidation or reorganization of the Rental Developer, or alleging that the Rental Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Rental Developer's debts, whether under the United States Bankruptcy Code or under any other State or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Rental Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within 90 days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Rental Developer, for any substantial part of the Rental Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Rental Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within 90 days after the commencement thereof;

(g) the entry of any judgment or order against the Rental Developer which remains unsatisfied or undischarged and in effect for 30 days after such entry without a stay of enforcement or execution;

(h) a change in the Rental Developer's general partner, addition of a general partner or sale or other transfer of all or a controlling interest in the ownership of the general partner (unless such change of controlling interest is attributable to a transfer of a majority of the ownership interest of Draper and Kramer, Incorporated in connection with a sale of such company) without DOH's prior written consent unless such change is permitted under the City Loan Documents or the HUD-Required Provisions Rider attached hereto; such DOH consent shall not be unreasonably withheld in the case of a "for cause" removal or change in the general partner pursuant to the terms of the Rental Developer's limited partnership agreement; or

(i) a change in the ownership of the Project without DOH's prior written consent, unless such change is permitted under the HUD-Required Provisions Rider attached hereto; such DOH consent shall not be unreasonably withheld in the case of a "for cause"

removal or change in the general partner pursuant to the terms of the Rental Developer's limited partnership agreement.

16.02 Remedies. (a) Subject to the provisions of paragraph (b) of this section, upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure the specific performance of the agreements contained herein, or may be awarded damages for failure of performance, or both, provided, however, that the City shall not obtain a lien against the Rental Property. Any monetary remedies, including but not limited to judgments, are payable from distributable Surplus Cash only during such time as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project.

(b) Notwithstanding any other provision in this Agreement, the City shall not terminate this Agreement or suspend disbursement of the City Funds upon the occurrence of an Event of Default unless (i) foreclosure proceedings have been commenced under the mortgage securing the FHA-Insured Loan or a deed in lieu of such foreclosure has been executed and delivered or (ii) HUD consents to such termination or suspension of disbursement.

16.03 Curative Period. In the event the Rental Developer shall fail to perform a covenant which Rental Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless Rental Developer shall have failed to perform such covenant within 30 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those defaults which are not reasonably capable of being cured within such 30-day period, if the Rental Developer has commenced to cure the alleged default within such 30-day period and thereafter continues diligently to effect such cure, then said 30-day period shall be extended to 90 days upon written request from the Rental Developer to the City delivered during such 30-day period, and upon further written request from the Rental Developer to the City delivered during such 90-day period, said 90-day period shall be extended to 180 days, or, in the Commissioner's sole discretion, evidenced in writing, such longer period as may be required if the failure is not reasonably susceptible to cure in 180 days; provided, further, that such default is cured in any event within 180 days of the date of the Rental Developer's receipt of a written default notice (or such later date as to which the Commissioner may consent in writing).

16.04 Right to Cure by Lenders. In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it

that could result in the termination of this Agreement or the cancellation, suspension, or reduction of any payment due from the City under this Agreement, the City shall send notice of such intended exercise to the Lenders and the Equity Investor and the Lenders and the Equity Investor shall have the right (but not the obligation) to cure such an Event of Default under the following conditions:

(a) if the Event of Default is a monetary default, the Lenders and/or the Equity Investor may cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Rental Developer with respect to such monetary default; or (ii) receipt by the Lenders and Equity Investor of such notice from the City; and

(b) if the Event of Default is of a non-monetary nature, the Lenders and Equity Investor shall have the right to cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Rental Developer with respect to such non-monetary default; or (ii) receipt by the Lenders and Equity Investor of such notice from the City; provided, however, that if such non-monetary default is not reasonably capable of being cured by the Lenders and/or the Equity Investor within such 30-day period, such period shall be extended for such reasonable period of time as may be necessary to cure such default, provided that the Lenders and/or the Equity Investor continue diligently to pursue the cure of such default and, if possession of the Project is necessary to effect such cure, the Lenders and/or Equity Investor have instituted appropriate legal proceedings to obtain possession.

SECTION 17. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier, or (c) registered or certified or facsimile mail, return receipt requested.

If to City: City of Chicago
 Department of Housing
 318 South Michigan Avenue
 Chicago, IL 60604
 Attention: Commissioner
 cc: Manager of Special Finance

With Copies To: City of Chicago
 Department of Law

Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602

and: Department of Finance
City of Chicago
121 North LaSalle Street, Room 501
Chicago, Illinois 60602
Attn: City Comptroller

If to Rental
Developer: Lake Park Crescent Associates I
L.P.
c/o Draper and Kramer, Incorporated
33 West Monroe Street, Suite 1900
Chicago, Illinois 60603
Attention: Forrest D. Bailey

and to Equity
Investor: SunAmerica Housing Fund 1085, a Nevada
Limited Partnership
c/o AIG SunAmerica Inc.
1 SunAmerica Center, Century City
Los Angeles, California 90067-6022
Attention: Michael L. Fowler, Vice President

and:
Senior
Lender: PFC Corporation
170 Newport Center Drive, Suite 245
Newport Beach, California 92660
Attention: Lisa Caporaso

and: U.S. Department of Housing and Urban
Development
Chicago Regional Office, Region V
77 West Jackson Boulevard
Chicago, Illinois 60604
Attn: Director of Multifamily Housing
HUD Project No: 071-35700

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to clause (a) shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (c) shall be deemed received two business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement may not be amended without the prior written consent of the City and the Rental Developer. Exhibits A and I may be unilaterally amended by the City provided that such amendments do not, in the City's good faith but sole discretion, have a material adverse effect on the Project. Any other Exhibits may be amended (or, if determined prior to the Closing Date to be unacceptable to the First Mortgagee or otherwise inapplicable to the Rental Development) with the consent of the Rental Developer and DPD, which consent may be give by DPD without further City Council action.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Rental Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Rental Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Rental Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by the City or the Rental Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Rental Developer in writing.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.12 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.13 Approval. Wherever this Agreement provides for the approval or consent of the City or DOH, or any matter is to be to the City's or DOH's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or DOH in writing and in its reasonable discretion thereof. The Commissioner of DOH or other person designated by the Mayor of the City shall act for the City or DOH in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.14 Assignment. At any time during the Term of the Agreement, the Rental Developer may assign this Agreement, with the City's prior written consent, to an entity which acquires the Property pursuant to paragraph R-9 of the HUD-Required Provisions Rider attached hereto or to the Lenders provided that such assignee continues to operate the Rental Property and the Project for the same purpose for which it is currently used and operated. Any successor in interest to the Rental Developer under this Agreement shall certify in writing to the City its agreement to abide by all terms of this Agreement for the Term of the Agreement, and shall execute an affidavit to the effect that it is in compliance with all applicable City ordinances and is otherwise qualified to do business with the City.

18.15 Binding Effect. This Agreement shall be binding upon the Rental Developer and its successors and permitted assigns and shall inure to the benefit of the City, its successors and assigns.

The provisions of this Agreement pertaining to the obligations of the City shall be binding upon the City.

18.16 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the City nor the Rental Developer, as the case may be, nor any successor in interest, shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity for an abnormal duration, tornadoes or cyclones and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its respective obligations hereunder.

18.17 HUD Rider. The document entitled "HUD-Required Provisions Rider" attached hereto is hereby incorporated into this Agreement as if fully set forth herein and shall remain a part of this Agreement so long as the Secretary of HUD or his/her successors or assigns, are the insurers or holders of the Mortgage Note (as defined in the HUD-Required Provisions Rider). Upon such time as HUD is no longer the insurer or holder of the Mortgage Note or such time as the Mortgage Note is paid in full, the parties hereto agree that the HUD-Required Provisions Rider shall no longer be a part of this Agreement.

18.18 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, such ordinance(s) shall prevail and control.

18.19 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.20 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Rental Developer is required to provide notice under the WARN Act, the Rental Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Rental Developer has locations in the State. Failure by the Rental Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.21 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party may hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois

and the United States District Court for the Northern District of Illinois.

18.22 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Rental Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgement collection services. Rental Developer also will pay any court costs, in addition to all other sums provided by law. Payments under this Section 18.22 are payable from distributable Surplus Cash only during such time as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project.

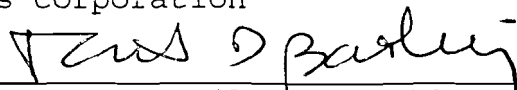
18.23 Business Relationships. The Rental Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Rental Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Rental Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on or as of the day and year first above written.

LAKE PARK CRESCENT ASSOCIATES I L.P., an Illinois limited partnership

By: LAKE PARK CRESCENT GP I LLC, an Illinois limited liability company, its general partner

By: DRAPER AND KRAMER, INCORPORATED, an Illinois corporation

By: 
Forrest D. Bailey, President

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

By: _____
John Markowski
Commissioner

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on or as of the day and year first above written.

LAKE PARK CRESCENT ASSOCIATES I L.P., an Illinois limited partnership

By: LAKE PARK CRESCENT GP I LLC, an Illinois limited liability company, its general partner

By: DRAPER AND KRAMER, INCORPORATED, an Illinois corporation

By: _____
Forrest D. Bailey, President

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

By: _____
John Markowski
Commissioner

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Lakefront Transformation Project Rental Redevelopment Agreement (the "Document"), dated as of April 1, 2003, entered into by Lake Park Crescent Associates I L.P., an Illinois limited partnership, its successors and assigns (the "Owner") and the City of Chicago, an Illinois municipal corporation, its successors or assigns (the "Subordinate Lender") relating to certain sites generally located north of East 42nd Street, west of the Illinois Central rail line, south of East 40th Street and east of S. Lake Park Avenue in the City of Chicago, Illinois. In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; the term "FHA" shall mean the Federal Housing Administration, an organizational unit within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below; and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured Mortgage Note (as defined below) for the Project (Project No. 071-35700):

- A. Commitment for Insurance dated October 25, 2002, as amended, issued by the Secretary of HUD pursuant to Section 221(d)(4) to Draper and Kramer, Inc., and later assigned to PFC Corporation ("PFC") ("Mortgagee");
- B. Building Loan Agreement, dated April 1, 2003, between the Owner and Mortgagee;
- C. Mortgage Note, dated April 1, 2003, made by the Owner payable to the order of Mortgagee in the principal amount of \$5,281,800;
- D. Mortgage, dated April 1, 2003, made by the Owner in favor of Mortgagee and encumbering the Project as security for the said Mortgage Note (the "Mortgage");
- E. Security Agreement (Chattel Mortgage), dated April 1, 2003, between the Owner, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;
- F. Financing Statements made by the Owner, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party recorded with the Cook County Recorder's Office and to be filed with the Illinois Secretary of State;

- G. Regulatory Agreement for Multifamily Housing Projects, dated April 1, 2003, between the Owner and HUD (the "HUD Regulatory Agreement");and
 - H. Assignment of Rents and Leases from Owner to Mortgagee dated as of April 1, 2003; and
 - I. Assignment of Contracts and Documents from Owner to Mortgagee dated as of April 1, 2003.
- R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable federal statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements, except those HUD mortgage insurance regulations, related HUD directives and administrative requirements which have been waived in writing by HUD with respect to the Project. The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of any applicable federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, unless waived in writing by HUD with respect to the Project.
- R-2 Failure on the part of the Owner to comply with the covenants contained in the Document shall not serve as the basis for default on any HUD-insured or HUD-held mortgage on the Project.
- R-3 Compliance by the Owner with the provisions and covenants of the Document and enforcement of the provisions or covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term is defined in the HUD Regulatory Agreement).
- R-4 No amendment to the Document made after the date of the initial HUD endorsement of the Mortgage Note shall have any force or effect until and unless HUD approves such amendment in writing. No amendment made after the

aforesaid date to any HUD/FHA Loan Document shall be binding upon the Subordinate Lender unless the Subordinate Lender has consented thereto in writing.

R-5 Unless waived in writing by HUD with respect to the Project, any action prohibited or required by HUD pursuant to applicable federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents, shall supersede any conflicting provision of the Document, and the performance or failure to perform of the Owner in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.

R-6 So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, the Owner shall not and is not permitted to pay any amount required to be paid under the provisions of the Document except from distributable Surplus Cash, as such term is defined in, and in accordance with the conditions prescribed in the HUD Regulatory Agreement unless otherwise specifically permitted in writing by HUD.

R-7 In the event of the appointment by any court of any person, other than HUD or the Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document (if any), with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document, except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents.

R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to:

Department of Housing and Urban Development
77 West Jackson Blvd.
Chicago, Illinois 60604
Attention: Director of Multi-Family Housing
Project No. 071-35700

HUD may designate any further or different addresses for duplicate notices.

R-9 Notwithstanding anything in the Document to the contrary, the Owner and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof, provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. Notwithstanding anything in the Document to the contrary, the Owner may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the Subordinate Lender. Within 90 days after such service, the Subordinate Lender shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Owner. No such transfer shall occur or be effective until the Subordinate Lender's requirements shall have been satisfied. In the event the Subordinate Lender fails to serve such notice on HUD, the Mortgagee and the Owner within said time, then any consent by HUD to such transfer shall be deemed to be the Subordinate Lender's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document.

R-10 The covenants contained in the Document shall automatically terminate in the event of a deed in lieu of foreclosure, of any mortgage insured or held by HUD with respect to the Project, or any portion thereof. Upon such termination, the Subordinate Lender shall furnish to HUD and the Mortgagee such releases and other documentation as HUD or the Mortgagee shall deem necessary or convenient to confirm or evidence such termination.

R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee.

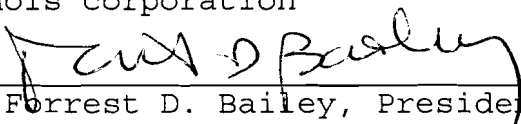
[Signatures Appear on Next Page]

Executed as of the date set forth above.

LAKE PARK CRESCENT ASSOCIATES I L.P., an
Illinois limited partnership

By: LAKE PARK CRESCENT GP I LLC, an
Illinois limited liability company, its
general partner

By: DRAPER AND KRAMER, INCORPORATED, an
Illinois corporation

By: 
Forrest D. Bailey, President

The foregoing HUD-Required Provisions Rider is hereby
acknowledged and consented to by the undersigned as of April 1,
2003.

CITY OF CHICAGO, ILLINOIS, acting by and
through its Department of Housing

By: John Markowski, Commissioner

Executed as of the date set forth above.

LAKE PARK CRESCENT ASSOCIATES I I.P., an Illinois limited partnership

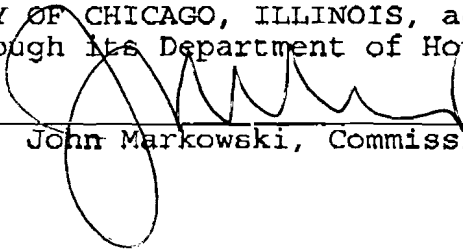
By: LAKE PARK CRESCENT GP I LLC, an Illinois limited liability company, its general partner

By: DRAPER AND KRAMER, INCORPORATED, an Illinois corporation

By: _____
Forrest D. Bailey, President.

The foregoing HUD-Required Provisions Rider is hereby acknowledged and consented to by the undersigned as of April 1, 2003.

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

By:  _____
John Markowski, Commissioner

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Ricky Knight, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Forrest D. Bailey, personally known to me to be the President of Draper and Kramer, Incorporated, an Illinois corporation (the "Corporation"), in the Corporation's capacity as the manager of Lake Park Crescent GP I LLC, an Illinois limited liability company (the "Manager"), in the Manager's capacity as the general partner of Lake Park Crescent Associates I L.P. (the "Partnership"), an Illinois limited partnership, and personally known to me to be the same persons whose name is subscribed to the foregoing instrument, appeared before me this 4th day of April, 2003 in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Board of Directors of the Corporation as his free and voluntary act, and as the free and voluntary act of the Corporation, the Manager and the Partnership, for the uses and purposes therein set forth.

Ricky Knight

Notary Public

My commission expires June 21, 2005
(SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Ricky Knight, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that John Markowski, personally known to me to be the Commissioner of the Department of Housing of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this 4th day of April, 2003 in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

Ricky Knight

Notary Public

My commission expires June 21, 2005

(SEAL)

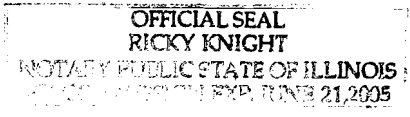


EXHIBIT A

Redevelopment Area Legal Description
LAKEFRONT TIF

ALL THAT PART OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 11 IN FERRY, FARWELL, TURNER AND BOND'S RESUBDIVISION OF BLOCK 3 EXCEPT LOTS 21 AND 22 IN BAYARD AND PALMER ADDITION, BEING A SUBDIVISION OF THE 11.22 CHAINS NORTH OF AND ADJOINING THE SOUTH 25 RODS OF THE NORTHWEST FRACTIONAL QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN LYING WEST OF HYDE PARK AVENUE (EXCEPT THE NORTH 53 FEET 4 ¼ INCHES THEREOF), SAID NORTHEAST CORNER OF LOT 11 BEING ALSO THE POINT OF INTERSECTION OF THE SOUTHWESTERLY LINE OF SOUTH LAKE PARK AVENUE WITH THE SOUTH LINE OF EAST BOWEN AVENUE;

THENCE NORTHWEST ALONG SAID SOUTHWESTERLY LINE OF SOUTH LAKE PARK AVENUE TO THE WESTERLY EXTENSION OF THE SOUTHERLY LINE OF LOTS 18 AND 19 IN BLOCK 8 OF CLEAVERVILLE, BEING A SUBDIVISION OF THE NORTH PART OF FRACTIONAL SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE SOUTH PART OF FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTHERLY LINE OF LOTS 18 AND 19 BEING ALSO THE NORTHERLY LINE OF EAST 40TH STREET;

THENCE EASTERLY ALONG SAID WESTERLY EXTENSION AND THE NORTHERLY LINE OF EAST 40TH STREET AND ALONG THE EASTERLY EXTENSION THEREOF TO THE EASTERLY LINE OF SOUTH MICHIGAN AVENUE, SAID EASTERLY LINE BEING ALSO THE WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE NORTH LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID NORTH LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN TO THE EASTERLY LINE OF THAT PART THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY BEARING PIN 20-02-109-037, SAID EASTERLY LINE OF THAT PART OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY BEING ALSO A LINE 125 FEET SOUTHWESTERLY OF AND PARALLEL WITH THE SOUTHWESTERLY LINE OF BURNHAM PARK;

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF THAT PART OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE SOUTH LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN TO THE WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE CENTER LINE OF VACATED EAST 42ND PLACE;

THENCE WEST ALONG SAID CENTER LINE OF VACATED EAST 42ND PLACE TO THE NORTHERLY EXTENSION OF THE WESTERLY LINE OF LOT 1 IN THE RESUBDIVISION OF BLOCKS 1 AND 2 OF REFORM SCHOOL PROPERTY, BEING THE SOUTH 25 ACRES OF THE NORTHWEST FRACTIONAL QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID WESTERLY LINE OF LOT 1 BEING ALSO THE EASTERLY LINE OF SOUTH OAKENWALD AVENUE;

THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION TO THE SOUTH LINE OF EAST 42ND PLACE;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 42ND PLACE TO THE WESTERLY LINE OF SOUTH LAKE PARK AVENUE;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SOUTH LAKE PARK AVENUE TO THE POINT OF BEGINNING AT THE SOUTH LINE OF EAST BOWEN AVENUE.

ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

EXHIBIT B

CHA PHASE I PROPERTY LEGAL DESCRIPTION

Lots 1 through 26 and Outlot A and Outlot B in Block 1, Lots 1 through 25 and Outlot A, Outlot B, and Outlot C in Block 2, and Lot 1 and Outlot A in Block 3, all in Lake Park Crescent, being a Subdivision of part of the Northwest Quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, according to Plat thereof recorded as Document No. _____ with the Recorder of Deeds of Cook County, Illinois.

EXHIBIT C

FOR SALE PROPERTY LEGAL DESCRIPTION

Lots 3 through 11, Lots 16 through 24 and Outlot A and Outlot B in Block 1, Lots 3 through 7, Lots 10 through 25 and Outlot A, Outlot B, and Outlot C in Block 2, all in Lake Park Crescent, being a Subdivision of part of the Northwest Quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, according to Plat thereof recorded as Document No. _____ with the Recorder of Deeds of Cook County, Illinois.

EXHIBIT D

RENTAL PROPERTY LEGAL DESCRIPTION

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN GROUND LEASE, ENTERED INTO BY THE CHICAGO HOUSING AUTHORITY AND LAKE PARK CRESCENT ASSOCIATES I L.P., DATED APRIL 1, 2003, WHICH LEASE COMMENCES APRIL 1, 2003, AND TERMINATES MARCH 31, 2102, AND RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS, AS DOCUMENT NUMBER _____, AND WHICH LEASE DEMISES THE LAND HEREINAFTER DESCRIBED, TOGETHER WITH ALL BUILDINGS AND IMPROVEMENTS NOW EXISTING OR HEREAFTER CONSTRUCTED THEREON), TO WIT:

LOTS 1, 2, 12, 13, 14, 15, 25 AND 26 IN BLOCK 1, LOTS 1, 2, 8 AND 9 IN BLOCK 2, AND LOT 1 AND OUTLOT A IN BLOCK 3, ALL IN LAKE PARK CRESCENT, BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO PLAT THEREOF RECORDED AS DOCUMENT NO. _____ WITH THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS.

PERMANENT REAL ESTATE INDEX NUMBERS:

20-02-109-002	20-02-109-021	20-02-109-033	20-02-115-014	20-02-118-016
20-02-109-003	20-02-109-022	20-02-109-034	20-02-118-001	20-02-118-017
20-02-109-006	20-02-109-024	20-02-109-035	20-02-118-002	20-02-118-018
20-02-109-008	20-02-109-025	20-02-109-036	20-02-118-005	20-02-118-019
20-02-109-009	20-02-109-026	20-02-115-006	20-02-118-009	20-02-118-020
20-02-109-010	20-02-109-027	20-02-115-008	20-02-118-010	20-02-118-021
20-02-109-012	20-02-109-028	20-02-115-009	20-02-118-011	20-02-118-022
20-02-109-015	20-02-109-029	20-02-115-010	20-02-118-012	20-02-118-023
20-02-109-018	20-02-109-030	20-02-115-011	20-02-118-013	20-02-118-024
20-02-109-019	20-02-109-031	20-02-115-012	20-02-118-014	
20-02-109-020	20-02-109-032	20-02-115-013	20-02-118-015	

ADDRESSES:

4001 South Lake Park Avenue 4051 South Lake Park Avenue 4006 South Oakenwald Avenue
4007 South Lake Park Avenue 4067 South Lake Park Avenue 4030 South Oakenwald Avenue

4029 South Lake Park Avenue 4071 South Lake Park Avenue 4036 South Oakenwald Avenue
4035 South Lake Park Avenue 4000 South Oakenwald Avenue 1061 East 41st Place
4045 South Lake Park Avenue
All in Chicago, Illinois

Legal Description

Six-Flat Property Only

Lots 1, 2, 12, 13, 14, 15, 25 and 26 in Block 1, and Lots 1, 2, 8 and 9 in Block 2, all in Lake Park Crescent, being a Subdivision of part of the Northwest Quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, according to Plat thereof recorded as Document No. _____ with the Recorder of Deeds of Cook County, Illinois.

Legal Description

Mid-Rise Property Only

Lot 1 and Outlot A in Block 3 in Lake Park Crescent, being a Subdivision of part of the Northwest Quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, according to Plat thereof recorded as Document No. _____ with the Recorder of Deeds of Cook County, Illinois.

EXHIBIT E

CHA PARK DISTRICT PROPERTY

Block 5 in Lake Park Crescent, being a Subdivision of part of the Northwest Quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, according to Plat thereof recorded as Document No. _____ with the Recorder of Deeds of Cook County, Illinois.

EXHIBIT F

CITY PROPERTY LEGAL DESCRIPTION

The Southwesterly 50.00 feet as measured at right angles to the Southwesterly line thereof, of the Northwesterly-Southeasterly 300 foot wide right of way (except the Northeasterly 125 feet) of the Illinois Central railroad through the south 1,153 feet, as measured on the West line of the East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 2, and through the Northeast $\frac{1}{4}$ of Section 2, all in Township 38 North, Range 14, East of the Third Principal Meridian, lying North of the South line of East 42nd Place (Clinton Avenue) extended Easterly, in Cook County, Illinois, excluding from the above-described property the airspace which lies at and above a horizontal plane at an elevation of 34.47 Chicago City datum, said parcel containing 1.013 acres (44,147 square feet), more or less;

Permanent Index #: 20-02-109-037

Common Address: Railroad property between East 41st Street and East 42nd Place, Chicago, Illinois

Exhibit G

Description of Rental Units by Location/Type

Lake Park Crescent - Phase I Rental

April 3, 2003

Address	Unit #	Tenure (MKT or TC)	Floor	Bedrooms	Accessible Std: ACC, ADP, or FHAA	Initial Locations of PHU's
1061 E. 41st Place	104	MKT	1	1	-	PHU
1061 E. 41st Place	105	TC	1	2	-	
1061 E. 41st Place	106	TC	1	2	-	
1061 E. 41st Place	107	TC	1	2	-	
1061 E. 41st Place	122	TC	1	2	-	PHU
1061 E. 41st Place	203	TC	2	2	-	
1061 E. 41st Place	204	TC	2	2	-	PHU
1061 E. 41st Place	205	TC	2	2	-	
1061 E. 41st Place	206	TC	2	2	-	
1061 E. 41st Place	207	TC	2	2	ADP	
1061 E. 41st Place	208	TC	2	1	ADP	
1061 E. 41st Place	209	MKT	2	1	-	PHU
1061 E. 41st Place	214	TC	2	2	-	
1061 E. 41st Place	215	TC	2	2	ADP	PHU
1061 E. 41st Place	216	TC	2	2	-	
1061 E. 41st Place	217	TC	2	1	-	PHU
1061 E. 41st Place	218	TC	2	1	-	
1061 E. 41st Place	219	TC	2	2	-	PHU
1061 E. 41st Place	303	TC	3	2	-	PHU
1061 E. 41st Place	304	TC	3	1	ADP	
1061 E. 41st Place	305	TC	3	2	-	
1061 E. 41st Place	306	MKT	3	2	ADP	
1061 E. 41st Place	307	TC	3	3	ACC	
1061 E. 41st Place	309	TC	3	1	-	
1061 E. 41st Place	313	TC	3	2	-	
1061 E. 41st Place	314	TC	3	2	ACC	PHU
1061 E. 41st Place	315	TC	3	2	-	
1061 E. 41st Place	316	TC	3	1	-	
1061 E. 41st Place	317	TC	3	1	-	
1061 E. 41st Place	318	TC	3	2	-	PHU
1061 E. 41st Place	403	MKT	4	2	-	PHU
1061 E. 41st Place	404	MKT	4	1	ADP	
1061 E. 41st Place	405	TC	4	2	-	
1061 E. 41st Place	406	MKT	4	2	ADP	
1061 E. 41st Place	407	MKT	4	3	ADP	
1061 E. 41st Place	409	TC	4	1	-	PHU
1061 E. 41st Place	413	TC	4	2	-	
1061 E. 41st Place	414	TC	4	2	ACC	PHU
1061 E. 41st Place	415	TC	4	2	-	
1061 E. 41st Place	416	TC	4	1	-	
1061 E. 41st Place	417	TC	4	1	-	PHU
1061 E. 41st Place	418	TC	4	2	-	
1061 E. 41st Place	503	TC	5	1	-	PHU
1061 E. 41st Place	504	TC	5	1	-	
1061 E. 41st Place	505	MKT	5	2	ADP	
1061 E. 41st Place	506	MKT	5	2	ADP	

Exhibit G

Description of Rental Units by Location/Type

Address	Unit #	Tenure	Floor	Bedrooms	Accessible Std: ACC, ADP, or FHAA	Initial Locations of PHU's
		(MKT or TC)				
1061 E. 41st Place	508	TC	5	1	-	PHU
1061 E. 41st Place	512	MKT	5	3	-	
1061 E. 41st Place	513	MKT	5	1	ACC	
1061 E. 41st Place	514	MKT	5	1	-	
1061 E. 41st Place	515	MKT	5	2	-	
1061 E. 41st Place	603	TC	6	1	-	PHU
1061 E. 41st Place	604	MKT	6	1	-	
1061 E. 41st Place	605	MKT	6	2	ADP	
1061 E. 41st Place	606	MKT	6	2	-	
1061 E. 41st Place	608	MKT	6	1	-	
1061 E. 41st Place	612	TC	6	3	-	
1061 E. 41st Place	613	TC	6	1	ADP	PHU
1061 E. 41st Place	614	TC	6	1	-	
1061 E. 41st Place	615	TC	6	2	-	PHU
1061 E. 41st Place	703	TC	7	2	-	PHU
1061 E. 41st Place	704	MKT	7	3	-	
1061 E. 41st Place	705	MKT	7	2	-	
1061 E. 41st Place	706	MKT	7	1	-	
1061 E. 41st Place	710	TC	7	3	-	
1061 E. 41st Place	711	TC	7	1	-	PHU
1061 E. 41st Place	712	TC	7	1	-	
1061 E. 41st Place	713	TC	7	2	-	PHU
1061 E. 41st Place	803	MKT	8	2	-	
1061 E. 41st Place	804	MKT	8	3	-	
1061 E. 41st Place	805	MKT	8	2	-	
1061 E. 41st Place	806	MKT	8	1	-	
1061 E. 41st Place	810	MKT	8	3	-	
1061 E. 41st Place	811	TC	8	1	-	PHU
1061 E. 41st Place	812	TC	8	1	-	
1061 E. 41st Place	813	TC	8	2	-	PHU

4001 S. Lake Park Ave	101	TC	1	1	ADP	PHU
4001 S. Lake Park Ave	102	TC	1	3	ACC	
4001 S. Lake Park Ave	201	TC	1	2	-	
4001 S. Lake Park Ave	202	TC	1	3	-	PHU
4001 S. Lake Park Ave	301	MKT	1	2	-	PHU
4001 S. Lake Park Ave	302	TC	1	3	-	

4007 S. Lake Park Ave	101	TC	1	2	ADP	
4007 S. Lake Park Ave	102	TC	1	2	ADP	PHU
4007 S. Lake Park Ave	201	TC	1	2	-	
4007 S. Lake Park Ave	202	TC	1	3	-	PHU
4007 S. Lake Park Ave	301	MKT	1	2	-	
4007 S. Lake Park Ave	302	TC	1	3	-	PHU

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Exhibit G

Description of Rental Units by Location/Type

Address	Tenure		Floor	Bedrooms	Accessible Std: ACC, ADP, or FHAA	Initial Locations of PHU's
	Unit #	(MKT or TC)				
4029 S. Lake Park Ave	101	TC	1	2	ADP	
4029 S. Lake Park Ave	102	TC	1	2	ACC	PHU
4029 S. Lake Park Ave	201	TC	1	2	-	
4029 S. Lake Park Ave	202	TC	1	3	-	PHU
4029 S. Lake Park Ave	301	MKT	1	2	-	
4029 S. Lake Park Ave	302	TC	1	3	-	PHU
4035 S. Lake Park Ave	101	TC	1	1	ACC	PHU
4035 S. Lake Park Ave	102	TC	1	3	ADP	
4035 S. Lake Park Ave	201	TC	1	2	-	
4035 S. Lake Park Ave	202	TC	1	3	-	PHU
4035 S. Lake Park Ave	301	MKT	1	2	-	
4035 S. Lake Park Ave	302	TC	1	3	-	PHU
4036 S. Oakenwald Ave	101	TC	1	1	FHAA	
4036 S. Oakenwald Ave	102	TC	1	3	ACC	
4036 S. Oakenwald Ave	201	TC	1	2	-	
4036 S. Oakenwald Ave	202	TC	1	3	-	PHU
4036 S. Oakenwald Ave	301	MKT	1	2	-	
4036 S. Oakenwald Ave	302	TC	1	3	-	PHU
4030 S. Oakenwald Ave	101	TC	1	2	ADP	PHU
4030 S. Oakenwald Ave	102	TC	1	2	ADP	
4030 S. Oakenwald Ave	201	TC	1	2	-	
4030 S. Oakenwald Ave	202	TC	1	3	-	PHU
4030 S. Oakenwald Ave	301	MKT	1	2	-	
4030 S. Oakenwald Ave	302	TC	1	3	-	PHU
4006 S. Oakenwald Ave	101	TC	1	2	ADP	
4006 S. Oakenwald Ave	102	TC	1	2	ADP	PHU
4006 S. Oakenwald Ave	201	TC	1	2	-	
4006 S. Oakenwald Ave	202	TC	1	3	-	PHU
4006 S. Oakenwald Ave	301	MKT	1	2	-	PHU
4006 S. Oakenwald Ave	302	TC	1	3	-	
4000 S. Oakenwald Ave	101	TC	1	1	ADP	
4000 S. Oakenwald Ave	102	TC	1	3	ADP	PHU
4000 S. Oakenwald Ave	201	TC	1	2	-	PHU
4000 S. Oakenwald Ave	202	TC	1	3	-	
4000 S. Oakenwald Ave	301	TC	1	2	-	
4000 S. Oakenwald Ave	302	MKT	1	3	-	PHU
4045 S. Lake Park Ave	101	TC	1	1	FHAA	
4045 S. Lake Park Ave	102	TC	1	3	ADP	PHU
4045 S. Lake Park Ave	201	TC	1	2	-	PHU
4045 S. Lake Park Ave	202	TC	1	3	-	
4045 S. Lake Park Ave	301	TC	1	2	-	
4045 S. Lake Park Ave	302	MKT	1	3	-	PHU

Exhibit G

Description of Rental Units by Location/Type

Address	Unit #	Tenure (MKT or TC)	Floor	Bedrooms	Accessible Std: ACC, ADP, or FHAA	Initial Locations of PHU's
4051 S. Lake Park Ave	101	TC	1	2	ADP	PHU
4051 S. Lake Park Ave	102	MKT	1	2	ADP	
4051 S. Lake Park Ave	201	TC	1	2	-	PHU
4051 S. Lake Park Ave	202	TC	1	3	-	PHU
4051 S. Lake Park Ave	301	TC	1	2	-	PHU
4051 S. Lake Park Ave	302	TC	1	3	-	
4067 S. Lake Park Ave	101	TC	1	2	ADP	
4067 S. Lake Park Ave	102	TC	1	2	ADP	PHU
4067 S. Lake Park Ave	201	TC	1	2	-	
4067 S. Lake Park Ave	202	TC	1	3	-	PHU
4067 S. Lake Park Ave	301	MKT	1	2	-	
4067 S. Lake Park Ave	302	TC	1	3	-	PHU
4071 S. Lake Park Ave	101	TC	1	2	ACC	
4071 S. Lake Park Ave	102	TC	1	2	ADP	PHU
4071 S. Lake Park Ave	201	TC	1	2	-	
4071 S. Lake Park Ave	202	TC	1	3	-	PHU
4071 S. Lake Park Ave	301	MKT	1	2	-	
4071 S. Lake Park Ave	302	TC	1	3	-	PHU

EXHIBIT H

AVAILABLE INCREMENTAL TAXES

<u>Year*</u>	<u>Available Incremental Revenue</u>	
2002	\$	0
2003	\$	0
2004	\$	0
2005	\$	11,481
2006	\$	44,608
2007	\$	70,362
2008	\$	70,362
2009	\$	70,362
2010	\$	74,669
2011	\$	74,669
2012	\$	74,669
2013	\$	79,239
2014	\$	79,239
2015	\$	79,239
2016	\$	84,089
2017	\$	84,089
2018	\$	84,089
2019	\$	89,236
2020	\$	89,236
2021	\$	89,236
2022	\$	94,698
2023	\$	94,698
2024	\$	94,698
2025	\$	100,494
2026	\$	100,494
TOTAL:	\$	\$1,733,955

* Refers to collection year. Actual taxes collected in such collection year are the prior year's taxes.

EXHIBIT I

REDEVELOPMENT PLAN


[NOT ATTACHED FOR RECORDING PURPOSES]

EXHIBIT J

FINANCING FOR THE PROJECT

LOAN: Source: HOME Program/Corporate Funds/Program
 Income/Multi-Program
Amount: \$10,000,000
Term: Not to exceed 42 years
Interest: Zero percent per annum
Security: A second mortgage lien on the Property

ADDITIONAL
FINANCING:

1. Amount: \$6,895,494,000 (the "Bridge Loan")
 Source: The Chicago Housing Authority, funding
 funds provided by SunAmerica
 Investments, Inc. pursuant to a note
 purchase agreement between such
 parties
 Term: Earlier of ^{December} ~~March~~ 31, 2005 or date of 
 the Rental Developer's third
 additional capital contribution, or
 such term acceptable to the
 Commissioner
 Interest: An interest rate acceptable to the
 Commissioner
2. Amount: \$5,281,800
 Source: PFC Corporation, a Delaware
 corporation
 Term: Approximately 40 years
 Interest: Not to exceed 6.50% per annum
 Security: A first mortgage lien on the Property
3. Amount: \$7,000,000
 Term: Not to exceed 42 years or such other
 term acceptable to the Commissioner
 Source: Chicago Housing Authority, or another
 entity acceptable to the Commissioner
 Interest: Applicable federal rate
 Security: A third mortgage lien on the Property
4. Amount: \$750,000
 Term: Not to exceed 42 years, or such other
 term acceptable to the Commissioner
 Source: Illinois Housing Development Authority
 Interest: An interest rate acceptable to the
 Commissioner
 Security: A mortgage on the Property junior to

the lien of the Mortgage(s)

5. Amount: Approximately \$1,700,000, or such other amount to which the Commissioner may consent
Term: Paid annually for approximately 23 years
Source: Available Incremental Taxes from the City of Chicago, Lakefront Tax Increment Financing Redevelopment Project Area
Interest: Not applicable
Security: No mortgage; Redevelopment Agreement

6. Low-Income Housing Tax Credit
Proceeds: Approximately \$13,449,097, or such other amount to which the Commissioner may consent, a portion of which will be used to repay the Bridge Loan
Source: To be derived from the syndication by the General Partner of approximately \$1,626,519 of low-income housing tax credits to be allocated by the Illinois Housing Development Authority

7. Amount: \$100
Source: General Partner

**EXHIBIT K-1
Project Budget**

SWORN OWNER'S STATEMENT

STATE OF ILLINOIS

COUNTY OF COOK

The affiant Forrest D. Bailey being duly sworn on oath deposes and says that he is an officer of Lake Park Crescent Associates, L.P. which is the owner of the following described premises in Cook County, Illinois, to wit: See Exhibit A

- 1 That he is thoroughly familiar with all the facts and circumstances concerning the premises described above.
- 2 That during the six months last past the only work done or materials furnished in connection with the mentioned premises are listed below.
- 3 That the only contracts let for the furnishing of future work or materials relative to the contemplated improvements are as listed below.
- 4 That this statement is a true and complete statement of all such contracts, previous payments.

NAME	TYPE OF WORK	ORIGINAL CAPITAL BUDGET	ADJUSTED CAPITAL BUDGET	PREVIOUSLY PAID	AMOUNT OF THIS PAYMENT	BALANCE TO BECOME DUE
1a Skender Construction Co	Site Improvements	\$ 1,371,053.00	\$ -	\$ -	\$ -	\$ 1,371,053.00
1b Skender Construction Co	Construction 6 Flts	\$ 9,765,000.00	\$ -	\$ -	\$ 225,857.00	\$ 9,539,143.00
1c Skender Construction Co	Remediation	\$ -	\$ -	\$ -	\$ -	\$ -
	SUBTOTAL	\$ 11,136,053.00	\$ -	\$ -	\$ 225,857.00	\$ 10,910,196.00
2a Walsh Construction Co	Construction Mid R	\$ 16,723,469.00	\$ -	\$ -	\$ 250,852.00	\$ 16,472,617.00
2b Walsh Construction Co.	Remediation	\$ -	\$ -	\$ -	\$ -	\$ -
	SUBTOTAL	\$ 16,723,469.00	\$ -	\$ -	\$ 250,852.00	\$ 16,472,617.00
3 Draper and Kramer, Incorporated	Owner's Advance to Fencing and Garbage Enclosures	\$ 144,139.00	\$ -	\$ -	\$ -	\$ 144,139.00
	SUBTOTAL	\$ 144,139.00	\$ -	\$ -	\$ -	\$ 144,139.00
4 Draper and Kramer, Incorporated	Temporary Power (Reimbursement of payments to ComEd)	\$ 29,212.00	\$ -	\$ -	\$ 29,212.00	\$ -
	SUBTOTAL	\$ 29,212.00	\$ -	\$ -	\$ 29,212.00	\$ -
5a Draper and Kramer, Inc	Planning (Reimbursement of payments to Chicago Consultant Studios)	\$ 26,218.00	\$ -	\$ -	\$ 26,218.00	\$ -
5b Draper and Kramer, Inc	Architect Planning (Reimbursement of payments made to Campbell Tiu Campbell)	\$ 62,497.00	\$ -	\$ -	\$ 62,497.00	\$ -
5c Campbell Tiu Campbell	Architect Planning	\$ 5,003.00	\$ -	\$ -	\$ -	\$ 5,003.00
5d Draper and Kramer, Inc	Architect Design (Reimbursement of payments made to JH Design)	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00	\$ -
5e Draper and Kramer, Inc	Architect Design (Reimbursement of payments made to JH Design)	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00	\$ -
5f Draper and Kramer, Inc	Architect Design (Reimbursement of payments made to Booth Architecture)	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00	\$ -
5g Draper and Kramer, Inc	Architect Design (Reimbursement of payments made to Booth Hansen)	\$ 6,300.00	\$ -	\$ -	\$ 6,300.00	\$ -
5h Draper and Kramer, Inc	Architect Design (Reimbursement of payments made to NIA Architects)	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00	\$ -
5i Draper and Kramer, Inc	Arch/Bldg Engrg (Reimbursement of payments made to the Architects)	\$ 59,500.00	\$ -	\$ -	\$ 59,500.00	\$ -
5j Draper and Kramer, Inc	Arch/Bldg Engrg (Reimbursement of payments made to Ray/Dawson P.C.)	\$ 84,735.00	\$ -	\$ -	\$ 81,200.00	\$ 3,535.00
5k Ray/Dawson P.C	Arch/Bldg Engrg	\$ 16,765.00	\$ -	\$ -	\$ -	\$ 16,765.00
5l Draper and Kramer, Inc	Arch/Bldg Engrg (Reimbursement of payments made to Campbell Tiu Campbell)	\$ 572,677.00	\$ -	\$ -	\$ 572,677.00	\$ -
5m Campbell Tiu Campbell	Arch/Bldg Engrg plus Misc Reimburse	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 15,000.00
5n Campbell Tiu Campbell	Arch/Bldg Engrg plus Misc Reimburse	\$ 177,323.00	\$ -	\$ -	\$ 27,323.00	\$ 150,000.00
5o Draper and Kramer, Inc	Plan Dev/Reprod (Reimbursement of payments made to Best Photo)	\$ 2,578.00	\$ -	\$ -	\$ 2,578.00	\$ -
5p Draper and Kramer, Inc	Plan Dev/Reprod (Reimbursement of payments made to Alfred Müssner Company)	\$ 892.00	\$ -	\$ -	\$ 892.00	\$ -
5q Draper and Kramer, Inc	Plan Dev/Reprod (Reimbursement of payments made to Riveley Reproductions)	\$ 29.00	\$ -	\$ -	\$ 29.00	\$ -

NAME	TYPE OF WORK	ORIGINAL CAPITAL BUDGET	ADJUSTED CAPITAL BUDGET	PREVIOUSLY PAID	AMOUNT OF THIS PAYMENT	BALANCE TO BECOME DUE
5r Draper and Kramer, Inc	Part Dev Reprod Reimbursement of payments made to Carent Associates	\$ 190 00	\$ -	\$ -	\$ 190 00	\$ -
5s Draper and Kramer, Inc	Reprod/Misc Reimbursement of payments made to Best Photo	\$ 7 151 00	\$ -	\$ -	\$ 7 151 00	\$ -
5t Best Photo	Reprod/Misc	\$ 3 000 00	\$ -	\$ -	\$ -	\$ 3 000 00
5u Draper and Kramer, Inc	Reimbursement Reimbursement of payments made to Peter Wentworth Street	\$ 3 090 00	\$ -	\$ -	\$ 3 090 00	\$ -
5v Draper and Kramer, Inc	Reimbursement Reimbursement of payments made to Design Collective Studio	\$ 3 000 00	\$ -	\$ -	\$ 3 000 00	\$ -
5w Draper and Kramer, Inc	Reimbursement Reimbursement of payments made to Young M K	\$ 900 00	\$ -	\$ -	\$ 900 00	\$ -
	SUBTOTAL	\$ 1,052,848 00	\$ -	\$ -	\$ 859,545 00	\$ 193,303 00
6a Draper and Kramer, Inc	Traffic Study Reimbursement of payments made to Metro Transportation	\$ 1,500 00	\$ -	\$ -	\$ 1,500 00	\$ -
6b Draper and Kramer, Inc	Market Study Reimbursement of payments made to Goodman Williams Group	\$ 10,700 00	\$ -	\$ -	\$ 10,700 00	\$ -
6c Draper and Kramer, Inc	Market Study Reimbursement of payments made to McClean Scott	\$ 4,500 00	\$ -	\$ -	\$ 4,500 00	\$ -
6d Draper and Kramer, Inc	Market Study Reimbursement of payments made to Appraisal Research Consultors	\$ 12,500 00	\$ -	\$ -	\$ 12,500 00	\$ -
6e Draper and Kramer, Inc	Appraisal Reimbursement of payments made to Appraisal Research Consultors	\$ 8,000 00	\$ -	\$ -	\$ 8,000 00	\$ -
	SUBTOTAL	\$ 37,200 00	\$ -	\$ -	\$ 37,200 00	\$ -
7a Draper and Kramer, Inc	Survey Part Dev Reimbursement of payments made to Baird Surveyors	\$ 6,600 00	\$ -	\$ -	\$ 6,600 00	\$ -
7b Draper and Kramer, Inc	Enviro Engineer Reimbursement of payments made to Terracon	\$ 34,892 00	\$ -	\$ -	\$ 34,892 00	\$ -
7c Terracon	Enviro Engineer	\$ 33,564 00	\$ -	\$ -	\$ -	\$ 33,564 00
7d Draper and Kramer, Inc	Civil Engineer Reimbursement of payments made to McCluer Corporation	\$ 23,850 00	\$ -	\$ -	\$ 23,850 00	\$ -
7e McCluer Corporation	Civil Engineer	\$ 6,750 00	\$ -	\$ -	\$ 2,696 00	\$ 4,054 00
7f Draper and Kramer, Inc	Landscape Arch Reimbursement of payments made to Bauer Latoza	\$ 14,783 00	\$ -	\$ -	\$ 14,783 00	\$ -
7g Bauer Latoza	Landscape Arch	\$ 8,167 00	\$ -	\$ -	\$ -	\$ 8,167 00
7h Terracon	Geotech/Conc Test	\$ 90,000 00	\$ -	\$ -	\$ -	\$ 90,000 00
7i Draper and Kramer, Inc	Geotech/Conc Test Reimbursement of payments made to O'Brien	\$ 15,000 00	\$ -	\$ -	\$ 15,000 00	\$ -
7j Draper and Kramer, Inc	Misc Eng/Cons Reimbursement of payments made to Rise Group	\$ 17,282 00	\$ -	\$ -	\$ 17,282 00	\$ -
7k Rise Group	Misc Engr/Cons	\$ 9,000 00	\$ -	\$ -	\$ -	\$ 9,000 00
7l Draper and Kramer, Inc	Misc Eng/Cons Reimbursement of payments made to Elara Energy Services	\$ 2,210 00	\$ -	\$ -	\$ 2,210 00	\$ -
7m Elara Energy Services	Misc Engr/Cons	\$ 3,000 00	\$ -	\$ -	\$ -	\$ 3,000 00
	SUBTOTAL	\$ 265,098 00	\$ -	\$ -	\$ 117,313 00	\$ 147,785 00
8a Draper and Kramer, Inc	Legal Reimbursement of payments made to Sonnenschein Nath Rosenthal	\$ 228,823 00	\$ -	\$ -	\$ 228,823 00	\$ -
8b Sonnenschein Nath & Rosenthal	Legal	\$ 125,177 00	\$ -	\$ -	\$ -	\$ 125,177 00
8c Sonnenschein Nath & Rosenthal	Legal	\$ 275,000 00	\$ -	\$ -	\$ -	\$ 275,000 00
8d Draper and Kramer, Inc	Legal Reimbursement of payments made to Bell Boyd & Lloyd	\$ 4,580 00	\$ -	\$ -	\$ 4,580 00	\$ -
	SUBTOTAL	\$ 633,580 00	\$ -	\$ -	\$ 233,403 00	\$ 400,177 00
9a Reznick Fedder & Silverman	Accounting	\$ 15,000 00	\$ -	\$ -	\$ -	\$ 15,000 00
9b Reznick Fedder & Silverman	Accounting	\$ 30,000 00	\$ -	\$ -	\$ -	\$ 30,000 00
	SUBTOTAL	\$ 45,000 00	\$ -	\$ -	\$ -	\$ 45,000 00
10a Title Services Inc	Title Insurance	\$ 25,000 00	\$ -	\$ -	\$ 25,000 00	\$ -
10b Cook County Clerk	Recording	\$ 31,218 00	\$ -	\$ -	\$ 31,218 00	\$ -
10c Cook County Clerk	Recording	\$ 40,782 00	\$ -	\$ -	\$ 40,782 00	\$ -

NAME	TYPE OF WORK	ORIGINAL CAPITAL BUDGET	ADJUSTED CAPITAL BUDGET	PREVIOUSLY PAID	AMOUNT OF THIS PAYMENT	BALANCE TO BECOME DUE
10d Baird Surveyors	ALTA Survey	\$ 6,000.00	\$	\$	\$	\$ 6,000.00
	SUBTOTAL	\$ 103,000.00	\$	\$	\$ 67,000.00	\$ 6,000.00
11a Cook County Collector	RE Tax	\$ 5,000.00	\$	\$	\$	\$ 5,000.00
11b PFC Corporation	Ins MIP Fee	\$ 52,818.00	\$	\$	\$ 26,409.00	\$ 26,409.00
11c Travelers	Ins/Bldr Risk Liab	\$ 259,818.00	\$	\$	\$ 210,058.00	\$ 49,760.00
	SUBTOTAL	\$ 317,636.00	\$	\$	\$ 236,467.00	\$ 81,169.00
12a PFC Corporation	Constr Interest	\$ 253,086.00	\$	\$	\$	\$ 253,086.00
12b Draper and Kramer, Inc	Financing Fee	\$ 105,636.00	\$	\$	\$ 105,636.00	\$
12c PFC Corporation	FNMA/GNMA Fee	\$ 79,227.00	\$	\$	\$ 79,227.00	\$
12d Draper and Kramer, Inc	HUC Exam Fees (Reimbursement of payments made to HUC)	\$ 15,846.00	\$	\$	\$ 15,846.00	\$
12e Draper and Kramer, Inc	Financing Fees (Reimbursement of payments made to PFC Corporation)	\$ 26,409.00	\$	\$	\$ 26,409.00	\$
12f Draper and Kramer, Inc	Loan App Fees (Reimbursement of payments made to DOH)	\$ 500.00	\$	\$	\$ 500.00	\$
12g Draper and Kramer, Inc	Loan App Fees (Reimbursement of payments made to IHDA)	\$ 4,225.00	\$	\$	\$ 4,225.00	\$
12h Talbott and Gallagher	Lender Legal	\$ 50,000.00	\$	\$	\$ 50,000.00	\$
12i Brownstein, Hyatt & Farber	Lender Legal	\$ 50,000.00	\$	\$	\$ 50,000.00	\$
12j Draper and Kramer, Inc	Lender Arch Review (Reimbursement of payments made to Kennedy and Assoc)	\$ 11,950.00	\$	\$	\$ 7,800.00	\$ 4,150.00
12k Draper and Kramer, Inc	UHTC Auct/Resv Fees (Reimbursement of payments made to IHDA)	\$ 105,723.00	\$	\$	\$ 105,723.00	\$
12l SunAmerica	Bridge Loan Exp	\$ 450,000.00	\$	\$	\$	\$ 450,000.00
	SUBTOTAL	\$ 1,152,602.00	\$	\$	\$ 445,366.00	\$ 707,236.00
13a Draper and Kramer, Incorporated	Mktg Lsg Reserve	\$ 111,000.00	\$	\$	\$	\$ 111,000.00
13b PFC Corporation (Escrow)	FHA Reserve	\$ 224,500.00	\$	\$	\$ 224,500.00	\$
13c PFC Corporation (Escrow)	TIF Reserve	\$ 129,000.00	\$	\$	\$ 129,000.00	\$
13d Draper and Kramer, Incorporated	Lease/Op Res	\$ 450,000.00	\$	\$	\$	\$ 450,000.00
13e Draper and Kramer, Incorporated	Acc Reserve	\$ 122,400.00	\$	\$	\$	\$ 122,400.00
13f PFC Corporation (Escrow)	Wk Cap Reserve	\$ 105,636.00	\$	\$	\$ 105,636.00	\$
	SUBTOTAL	\$ 1,142,536.00	\$	\$	\$ 459,136.00	\$ 683,400.00
14 Draper and Kramer, Incorporated	Development Fee	\$ 2,909,133.00	\$	\$	\$ 1,163,653.00	\$ 1,745,480.00
	SUBTOTAL	\$ 2,909,133.00	\$	\$	\$ 1,163,653.00	\$ 1,745,480.00
15 Draper and Kramer, Incorporated	Contingency	\$ 789,491.00	\$	\$	\$	\$ 789,491.00
	SUBTOTAL	\$ 789,491.00	\$	\$	\$	\$ 789,491.00
TOTALS		\$ 36,480,997.00	\$	\$	\$ 4,155,004.00	\$ 32,325,993.00
TOTAL REQUEST					\$ 4,155,004.00	
TOTAL PAID FULL PRO RATA (See attached calculation)					\$ 1,730,776.00	
BALANCE TO BE PAID FROM EQUITY					\$ 2,424,228.00	
Pro Rata Lenders					Am't Payable	
	PFC Corp	\$ 5,281,800.00		17.648772%	\$ 305,460.71	
	Dept of Housing	\$ 10,000,000.00		33.414314%	\$ 578,326.93	
	CHA	\$ 7,000,000.00		23.390020%	\$ 404,828.85	
	IHDA	\$ 750,000.00		2.506074%	\$ 43,374.53	
	CHA (Bridge Loan)	\$ 6,895,494.00		23.040820%	\$ 398,784.98	
	TOTAL	\$ 29,927,294.00		100.0%	\$ 1,730,776.00	
Equity						
	Lake Park Crescent GP I LLC	\$ 100.00			\$ 100.00	
	SunAmerica Housing Fund 1085	\$ 6,553,603.00			\$ 2,424,128.00	
	TOTAL	\$ 6,553,703.00			\$ 2,424,228.00	
	TOTAL	\$ 36,480,997.00			\$ 4,155,004.00	
SIGNED						
Subscribed and sworn to before me this _____ day of _____, 2003						
Notary Public						

EXHIBIT K-2

MBE/WBE PROJECT BUDGET

Use of Funds	Cost
Construction Hard Costs	\$25,037,342
Construction Contingency	\$789,492
General Conditions/ Overhead	\$2,548,992
Architectural & Engineering	\$1,116,042
TOTAL	\$29,491,868

**EXHIBIT L
(TIF Agreement)**

PERMITTED LIENS

Permitted Liens consist of the matters set forth in Schedule 1 appended to this Exhibit , and mortgages, assignments of leases and rents and fixture filings securing any and all of the following loans to be made to Mortgagor:

- A. The first mortgage loan in the principal amount of \$5,281,800 ("Senior Loan") to be made by PFC Corporation ("Senior Lender"), which Senior Loan is to be insured by the U.S. Department of Housing and Urban Development ("HUD").
- B. The second mortgage loan ("City Loan") in the principal amount of Ten Million Dollars (\$10,000,000), to be made by the City of Chicago ("City").
- C. The third mortgage loan ("CHA Loan") in the principal amount of Seven Million Dollars (\$7,000,000), to be made by the Chicago Housing Authority ("CHA").
- D. The fourth mortgage loan in the principal amount of Seven-Hundred and Fifty Thousand Dollars (\$750,000) ("IHDA Loan") to be made by the Illinois Housing Development Authority ("IHDA").

The liens securing the above loans are permitted liens but are being recorded as subordinate encumbrances after this instrument. The encumbrances listed as items 1-8 on Schedule 1 are permitted liens and are being recorded as prior encumbrances before this instrument. The encumbrances listed as items 9-12 are permitted liens but are being recorded as subordinate encumbrances after this instrument.

SCHEDULE 1
EASEMENTS, COVENANTS, AGREEMENTS AND CONDITIONS OF RECORD

Unless otherwise indicated, the following documents were recorded with the Cook County Recorder of Deeds concurrently with the recordation of this Mortgage.

1. Declaration of Trust and Restrictive Covenants executed by Mortgagee and Mortgagor dated April 1, 2003.
2. Terms, conditions and provisions contained in Vacation Ordinance dated June 19, 2002 recorded December 16, 2002 as Document No. 0021392635.
3. Easement in favor of Peoples Gas, Light and Coke Company ("Peoples Gas") established by Grant of Easement dated March 28, 2003, executed by Lake Park Crescent I LLC ("LPC"), Mortgagee and Peoples Gas, recorded April 7, 2003.
4. Easement in favor of Illinois Bell Telephone Company, dba SBC Ameritech Illinois ("IBT") dated January 13, 2003 executed by LPC, Mortgagee and IBT, recorded April 7, 2003.
5. Easement in favor of Commonwealth Edison Company as established by Blanket Easement Provisions executed March 12, 2003 by LPC, and Mortgagee and recorded March 24, 2003 as Doc. No. 0030394655, as amended by Amendment to Blanket Easement dated April 2, 2003, recorded April 7, 2003.
6. Easement in favor of Comcast of Illinois III, Inc. ("Comcast") established by Release and Grant of Easements dated April 2, 2003 executed by LPC, Mortgagee and Comcast, recorded April 7, 2003.
7. Terms conditions and provisions contained in the Ground Lease.
8. Regulatory and Operating Agreement between Mortgagee and Mortgagor dated April 1, 2003.
9. Regulatory Agreement for Multifamily Housing Projects dated April 1, 2003 between Mortgagor and The Secretary of Housing and Urban Development.
10. Regulatory and Land Use Restriction Agreement between Mortgagor and Illinois Housing Development Authority. dated April 1, 2003.
11. Regulatory Agreement between City of Chicago and Mortgagor dated April 1, 2003.
12. Extended Use Agreement between Mortgagor and Illinois Housing Development Authority dated April 1, 2003.
13. Right of First Refusal Agreement dated April 1, 2003 between Mortgagor and Mortgagee.

EXHIBIT M

REQUISITION FORM FOR TIF-FUNDED INTEREST COSTS

The undersigned, _____ [Name] _____, _____ [Title] _____ of PFC Corporation, a Delaware corporation (the "First Mortgagee"), does hereby certify to the City of Chicago, Illinois (the "City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 2003, by and between the City and Lake Park Crescent Associates I ("Rental Developer")):

1. That the Rental Developer has incurred, accrued and/or paid the following parties for the listed items, each of which constitutes interest related to the construction of the Project:

A. First Mortgagee

\$ _____

[LIST OTHER LOANS, IF APPLICABLE]

2. That none of the items listed in paragraph 1, above, has been the subject of any other requisition for payment;

3. That including the payment requested hereunder, the payments from the City during this year for interest costs do not exceed 75 percent of the interest costs incurred by the Rental Developer with regard to Project during this year [, plus accruals];

4. That including the payment requested hereunder, the total of interest payments to date from the City does not exceed 75 percent of the total Project Costs actually incurred by the Rental Developer;

5. That the remaining balance of the TIF-Funded Interest Costs which are eligible for reimbursement under the Redevelopment Agreement taking this requisition into account are as follows:

Maximum Amount	Current Annual Amount <u>Accrued</u>	Accrued and Unpaid Prior Accrued <u>Requisitions</u> ¹	Balance <u>and Unpaid</u> ²	Paid <u>Amount</u>	Amount <u>To Date</u> ³
[\$_____]	_____	_____	_____	_____	_____

6. That attached as Exhibit 1 are true and correct copies of monthly invoices for the HUD Insured Loan sent to the Rental Developer by the First Mortgagee;

[7. That attached as Exhibit 2 is a true and correct statement of interest accrued to date on the City Loan and the CHA Loan based on the Rental Developer's most recent Financial Statements.] [DELETE IF N/A]

IN WITNESS WHEREOF, I have hereunto affixed my signature this _____ day of _____, _____.

PFC CORPORATION
a Delaware corporation

By: _____
Its: _____

cc: Lake Park Crescent Associates I L.P.

¹ Represents the sum of the following unpaid amounts for the specified years: \$_____ for 200__; \$_____ for 200__; \$_____ for 200__.

² Sum of columns 2 and 3.

³ After giving effect to the payment covered by this Requisition Form.

EXHIBIT N
DESCRIPTION OF PLANS AND SPECIFICATION

Midrise

Plans dated November 15, 2002 and revised December 6, 2002, and Foundation Plans dated December 2, 2002, prepared by Campbell Tiu Campbell, Inc.; Division 01000 Specifications dated March 5, 2003, prepared by Lake Park Crescent Associates I L.P. and all remaining Specifications dated November 1, 2002, prepared by Campbell Tiu Campbell, Inc.; all such Plans and Specifications supplemented and modified by Scope of Work Clarifications and Qualifications dated March 25, 2003.

Six-Flats

Plans dated July 15 and revised October 22, 2002, prepared by Ray/Dawson, P.C.; Division 01000 Specifications dated March 19, 2003, prepared by Lake Park Crescent Associates I L.P. and all remaining Specifications dated July 15, 2002, prepared by Ray/Dawson, P.C.; all such Plans and Specifications supplemented and modified by Scope of Work dated January 30, 2003.

EXHIBIT O-1

ARCHITECT'S OPENING CERTIFICATE

Date: _____

The undersigned, [_____] ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 2003, by and between the City and Lake Park Crescent Associates I L.P. ("Rental Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.
2. Architect has prepared the Plans and Specifications, to the best of the Architect's professional knowledge, the same are, and the Project will be when completed in accordance therewith, in full compliance with all applicable building, zoning and other laws, statutes, codes, regulations and ordinances (collectively, "Laws"), including, without limitation, all applicable pollution control and environmental protection regulations.
3. The Project, when completed in accordance with the Plans and Specifications, will not encroach upon any recorded or visible easement in effect with respect to the Property.
4. The Plans and Specifications are complete in all respects and were prepared in accordance with accepted architectural practices, containing all detail requisite for the Project which, when built and equipped in accordance therewith, shall be ready for occupancy.
5. In the aggregate, the Construction Contract and the existing subcontracts contain all detail necessary to provide for all labor, material and equipment required by the Plans and Specifications.
6. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate or, if not so obtained, the Architect has no reason to believe same will not be obtained as and when so required. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.
7. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project), any Laws, permits or other necessary governmental approvals relating to the Property or the

Project.

Adequate ingress and egress to the Project over public streets and rights of way will be available during the period of construction of the Project and thereafter.

8. All existing foundation and subsurface work conforms to the Plans and Specifications and all portions of the Project consisting of the subsurface work has been completed.

9. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

10. The Architect has executed and delivered to the City the Statement of Compliance in the form attached hereto as Exhibit 2.

ARCHITECT:

By: _____
Its: _____

EXHIBIT O-2

ARCHITECT'S COMPLETION CERTIFICATE

Date: _____

The undersigned, [_____] ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 2003, by and between the City and Lake Park Crescent Associates I L.P. ("Rental Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.

2. The construction of the Project has been "substantially completed" as of the date of this Certificate in accordance with the approved Plans and Specifications. For purposes hereof, the Project being "substantially completed" means that the Project is usable in its present condition for its intended purpose. The Architect's determination of the total cost to complete the construction of such portion of the Project as may be unfinished is \$_____.

3. Neither the Property nor the construction of the Project violates or will violate any existing applicable zoning, building, environmental protection or other statutes, ordinances, laws or regulations (collectively, "Laws").

4. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.

5. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project), any Laws, permits or other necessary governmental approvals relating to the Property or the Project.

6. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

ARCHITECT:

[_____]

By: _____

Its: _____

Exhibit P

Schedule of Maximum Amount of TIF-Funded Interest Costs

TOTAL INTEREST CALCULATION

Calendar Year	Project Year	Interest Expense						75% of Total Interest Expense
		First Mortgage NOI Supported	First Mortgage TIF Supported	City HOME	PHDF CHA	FAF	Total Interest Expense	
2003	1	58,677	10,090	0	66,782	7,500	143,049	107,287
2004	2	221,416	38,118	0	251,915	7,500	518,948	389,211
2005	3	281,825	48,288	0	320,600	7,500	658,213	493,659
2006	4	280,008	47,274	0	335,283	7,500	670,066	502,550
2007	5	278,078	46,198	0	350,639	7,500	682,415	511,811
2008	6	276,027	45,054	0	366,699	7,500	695,280	521,460
2009	7	273,848	43,839	0	382,764	7,500	707,951	530,963
2010	8	271,532	42,548	0	399,305	7,500	720,885	540,664
2011	9	269,072	41,176	0	416,377	7,500	734,125	550,593
2012	10	266,458	39,718	0	433,949	7,500	747,625	560,719
2013	11	263,681	38,169	0	452,033	7,500	761,383	571,038
2014	12	260,730	36,524	0	470,689	7,500	775,443	581,582
2015	13	257,595	34,775	0	489,883	7,500	789,753	592,315
2016	14	254,264	32,918	0	509,891	7,500	804,573	603,430
2017	15	250,725	30,944	0	530,541	7,500	819,710	614,782
2018	16	246,964	28,847	0	551,781	7,500	835,092	626,319
2019	17	242,969	26,619	0	573,623	7,500	850,710	638,033
2020	18	238,723	24,251	0	596,153	7,500	866,627	649,970
2021	19	234,213	21,736	0	619,314	7,500	882,762	662,072
2022	20	229,420	19,063	0	643,120	7,500	899,103	674,327
2023	21	224,328	16,223	0	667,660	7,500	915,711	686,783
2024	22	218,918	13,206	0	692,874	7,500	932,498	699,374
2025	23	213,169	10,000	0	718,776	7,500	949,446	712,084
2026	24	207,061	0	0	745,459	7,500	960,021	720,015
2027	25	200,572	0	0	772,859	7,500	980,931	735,698

75% OF TOTAL INTEREST EXPENSE: 14,476,740

LAKE PARK CRESCENT PHASE 1

Minimum Equalized Assessed Value

EXHIBIT Q

YEAR	ASSESSED VALUE	ESTIMATED MULTIPLIER	EQUALIZED ASS. VALUE	BASE EAV	TAX RATE	TAXES PAID	INCREMENTAL TAXES
2002	\$0	2.2235	\$0	\$0	7.788%	\$0	\$0
2003	\$0	2.2235	\$0	\$0	7.788%	\$0	\$0
2004	\$64,314	2.2235	\$143,002	\$0	7.788%	\$11,137	\$0
2005	\$252,757	2.2235	\$562,006	\$0	7.788%	\$43,769	\$11,137
2006	\$394,136	2.2235	\$876,361	\$0	7.788%	\$68,251	\$43,769
2007	\$394,136	2.2235	\$876,361	\$0	7.788%	\$68,251	\$68,251
2008	\$394,136	2.2235	\$876,361	\$0	7.788%	\$68,251	\$68,251
2009	\$418,263	2.2235	\$930,008	\$0	7.788%	\$72,429	\$68,251
2010	\$418,263	2.2235	\$930,008	\$0	7.788%	\$72,429	\$72,429
2011	\$418,263	2.2235	\$930,008	\$0	7.788%	\$72,429	\$72,429
2012	\$443,863	2.2235	\$986,929	\$0	7.788%	\$76,862	\$72,429
2013	\$443,863	2.2235	\$986,929	\$0	7.788%	\$76,862	\$76,862
2014	\$443,863	2.2235	\$986,929	\$0	7.788%	\$76,862	\$76,862
2015	\$471,027	2.2235	\$1,047,329	\$0	7.788%	\$81,566	\$76,862
2016	\$471,027	2.2235	\$1,047,329	\$0	7.788%	\$81,566	\$81,566
2017	\$471,027	2.2235	\$1,047,329	\$0	7.788%	\$81,566	\$81,566
2018	\$499,861	2.2235	\$1,111,441	\$0	7.788%	\$86,559	\$81,566
2019	\$499,861	2.2235	\$1,111,441	\$0	7.788%	\$86,559	\$86,559
2020	\$499,861	2.2235	\$1,111,441	\$0	7.788%	\$86,559	\$86,559
2021	\$530,456	2.2235	\$1,179,468	\$0	7.788%	\$91,857	\$86,559

**THE LAKEFRONT
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

City of Chicago, Illinois

October 31, 2001

City of Chicago
Richard M. Daley, Mayor

Department of Planning and Development
Alicia Mazur Berg, Commissioner

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EXHIBIT I: LEGAL DESCRIPTION OF PROJECT BOUNDARY

EXHIBIT II: ESTMATED REDEVELOPMENT PROJECT COSTS

EXHIBIT III: LAKEFRONT REDEVELOPMENT PROJECT AREA ELIGIBILITY REPORT

I. INTRODUCTION

This document is to serve as a redevelopment plan (the "Redevelopment Plan") for an area located on the near south side of the City of Chicago (the "City") approximately five miles immediately south of the City's central business district (the "Loop"). The area is generally bounded by 40th Street on the north, the easterly line of tax parcel 20-02-109-037 on the east, 42nd Place on the south and Lake Park Avenue on the west. This area is referred to in this document as the Lakefront Tax Increment Financing Redevelopment Project Area (the "Project Area"). The Project Area is regionally accessible by Lake Shore Drive and is less than two miles from the Dan Ryan Expressway.

As part of a strategy to encourage managed growth and stimulate private investment within the Project Area, the City engaged Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") to study whether the Project Area of approximately 31.2 acres qualifies as a "conservation area," a "blighted area," or a combination of both blighted areas and conservation areas under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended (the "Act"). The Project Area, described in more detail below as well as in the accompanying Eligibility Report, has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City.

A. *Lakefront Tax Increment Financing Redevelopment Project Area*

The Project Area encompasses a total of approximately 31.2 acres and 54 tax parcels and is located in the Oakland community area. The Project Area consists of an improved area and a vacant area. Of the total 31.2 acres, approximately 7.1 acres, or 22.8 percent, is a vacant area that was formerly the site of three Chicago Housing Authority high-rise buildings. Prior to their demolition in 1998, these structures were characterized by dilapidation, obsolescence, deterioration, code violations, excessive vacancies, inadequate utilities, deleterious layout and the need for environmental clean-up. The improved part of the Project is approximately 8.3 acres, or 26.6 percent of the Project Area, and consists of 2 occupied public buildings, a public park and a vacant lot. The vacant lot in the improved part of the Project Area was the site of a fourth CHA high-rise, which was also demolished in 1998. Of the 31.2 acres in the Project Area, 50.6 percent is devoted to street, alley, and railroad rights-of-way. For a map depicting the boundaries and legal description of the Project Area, see Section II, *Legal Description and Project Boundary*.

The Oakland community area was first settled in the 1850s as a workers town serving the Sherman and Cottage Grove stockyards and industrial area. Growth of the area accelerated with the establishment of the 47th Street train station by the Illinois Central Railroad and the entire Oakland community was annexed to Chicago by 1889. With the extension of horse car and later streetcar service through the area, Oakland quickly changed to an affluent residential suburb and reached maturity by 1895. After the turn of the century, the community changed again with the influx of working class residents and the departure of wealthier residents to more prestigious communities. Larger homes were converted into smaller units and rooming houses which attracted more transient and working class residents to the area.

In the 1950s the Chicago Housing Authority began development of several housing projects within the Project Area. By 1970, the Oakland community had begun to experience serious economic

problems including rising unemployment and poverty rates. Planning efforts targeted toward improving the public housing conditions and presenting an overall redevelopment plan for the larger North Kenwood-Oakland area were initiated in the 1980s.

A Neighborhood Planning Committee (NPC) was formed in 1988 followed by a Community Assistance Panel (CAP) to generate a comprehensive community plan for the North Kenwood and Oakland communities. The work of these groups led to the formation of the North Kenwood-Oakland Conservation Plan (NKO Plan), which was adopted in 1992. Built on much of the work completed by the NPC and CAP, the NKO Plan sets forth goals for development, defines specific land uses for the community and identifies certain improved and unimproved property to be acquired in order to implement the NKO Plan.

Despite positive efforts by the community and the City, the overall demographic profile of Oakland still reveals major problems. For the Oakland community as a whole, the 1990 Census reported a 1989 median family income of \$5,909 and 70% of families reported incomes below the poverty line. Oakland has a highly skewed age structure in which a disproportionate number of people between the ages of 21-64 (42%) are attempting to support a larger number of people younger than 21 (48%).

Despite economic problems that were documented in the 1990 Census, the Project Area still boasts a number of considerable physical assets including the following features:

- Convenient access to and from the interstate highway system. Entrance/exit to Lake Shore Drive can be made via Oakland Boulevard, just one block north of the Project Area and the I-90/I-94 highway system (Dan Ryan Expressway) is accessible less than two miles west of the Project Area.
- Public transportation options include the Metra Illinois-Central Electric Rail Line and the CTA elevated service. The Metra station is located just four blocks south of the Project Area at 47th Street and Kenwood. CTA trains to the Loop and other locations are available via the Green Line and Red Line, located along Martin Luther King Jr. Drive and the Dan Ryan Expressway, respectively.
- Pedestrian access to the lakefront is available via Oakwood Boulevard and 47th Street and public beaches are located to the east approximately 1 mile north and south of the Project Area.
- Quayle Park, currently located within the Project Area, provides playground equipment and neighborhood park recreational opportunities. A variety of recreational opportunities are available at multiple locations within a half-mile of the Project Area including Oakland Park, Oakwood Beach, Chamberlain Triangle Park, Kennicott Park, Beech Park, Hyacinth Park, Holly Park, Mandrake Park and Ellis Park.

Although the Project Area enjoys strong community facilities and locational assets, the Project Area is likely to stagnate without reinvestment due to aging and inadequate utilities, and physical and economic barriers to marketability.

The Project Area on the whole has not been subject to growth and development through investment by private enterprise. Evidence of this lack of growth and development is detailed in *Section VI* and summarized below.

- In the five-year period between 1996 and 2001, four demolition permits were issued. No new construction has occurred in the Project Area in the last two decades.
- The vacant part of the Project Area has remained undeveloped since 1998.
- Prior to their demolition in 1998, the CHA high-rises within the Project Area had been vacant since 1985.
- Although located on prime land with a view of the Lakefront and minutes from the Loop, the Project Area does not generate taxable revenue since all properties within the Project Area are publicly owned and thus, tax-exempt.
- With a capacity for more than 1000 students, the Future Commons Multiplex High School, located in the improved part of the Project Area, currently operates with an enrollment of 133 students.

Without a comprehensive and area-wide effort by the City to promote investment, the Project Area will not likely be subject to sound growth and development through private investment. In spite of existing plans and City programs that support the revitalization and improvement of the Project Area, no new construction or private investment has occurred there. Today, the Project Area is characterized by vacant sites, aging and underutilized buildings, inadequate utilities, obsolescence, deterioration, deleterious land-use or layout, and a lack of community planning.

Due to the existence of a combination of blighted and conservation areas within the Project Area, there is an excessive and disproportionate expenditure of public funds, inadequate private investment, and unmarketability of property that impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in the Project Area and threatens the health, safety, morals, and welfare of the public. The Project Area on the whole has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City through this Redevelopment Plan.

Without the designation of the Project Area as a TIF District, the area will most likely continue to languish, buildings and sites will continue to go underutilized, prime real estate will remain off the tax rolls, and the area as a whole will continue to negatively influence surrounding properties and limit the potential for sound growth and development.

Small-scale or piecemeal redevelopment efforts might occur in limited portions of the Project Area. However the physical and economic barriers to development that are present in the Project Area and the surrounding community, coupled with the financial risk associated with a development project of this scale, are likely to preclude the revitalization of the Project Area on a scale sufficient to return the Project Area to a long-term sound condition without the intervention of the City.

Recognizing the Project Area's importance as a key development in the community's revitalization, the City is taking a proactive step toward the physical and economic renaissance of the Project Area. The City seeks to stabilize the surrounding neighborhoods and provide a high quality, mixed-

income residential development in the Oakland community. It seeks to encourage private investment and development activity through the use of tax increment financing.

The City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis consistent with the highest quality standards of design and construction that are complementary to the adjacent neighborhoods and ensure continuity with the revitalization program of the larger Oakland community area. A coordinated and comprehensive redevelopment effort will allow the City, and other taxing districts to work cooperatively to prepare for the increased service demands that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to prepare residents of surrounding and nearby neighborhoods for newly created job opportunities anticipated within the Project Area.

B. Tax Increment Financing

In January 1977, Tax Increment Financing ("TIF") was authorized by the Illinois General Assembly through passage of the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current Equalized Assessed Value ("EAV") of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate, which results in Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within a project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing does not generate tax revenues. This financing mechanism allows the municipality to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. All taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid and such excess amounts are not otherwise pledged, earmarked or designated for future usage on other redevelopment projects. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid and the project area's term has expired or has been terminated.

C. The Redevelopment Plan for the Lakefront Tax Increment Financing Redevelopment Project Area

As evidenced in *Section VI*, the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is reasonable to expect that the Project Area on the whole will not be redeveloped without the use of TIF.

TPAP has prepared the Lakefront Tax Increment Financing Redevelopment Plan and Project (the "Redevelopment Plan") and the related Eligibility Report. The Redevelopment Plan summarizes the analyses and findings of TPAP which, unless otherwise noted, are the responsibility of the consultant. The City is entitled to rely on: (i) the findings and conclusions of the Redevelopment Plan and the related Eligibility Report in proceeding with the designation of the Redevelopment Plan; and (ii) the fact that TPAP has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Report will comply with the Act.

This Redevelopment Plan has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Project Area in order to stimulate private investment in the Project Area. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Project Area be revitalized on a comprehensive and planned basis to ensure that private investment in rehabilitation and new development occurs:

1. On a coordinated rather than piecemeal basis to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that the factors of blight and conservation are eliminated; and
3. Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the City.

Redevelopment of the Project Area will constitute a large and complex endeavor. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan enables the implementation of a comprehensive program for redevelopment of the Project Area. Through this Redevelopment Plan, the City will serve as the central force for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goal. During implementation of the Redevelopment Project, the City may, from time to time: (i) undertake or cause to be undertaken public improvements and activities; and (ii) enter into redevelopment agreements and intergovernmental agreements with private or public entities to construct, rehabilitate, renovate or restore private improvements on one or several parcels. Items (i) and (ii) are collectively referred to as "Redevelopment Projects."

This Redevelopment Plan specifically describes the Project Area and summarizes the conservation area factors that qualify the improved part of the Project Area as a "conservation area" and the blight factors that qualify the vacant part of the Project Area as a "blighted area" as defined in the Act.

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating the existing and blighted and conservation area conditions which have limited development of the Project Area by the private sector.

The use of Incremental Property Taxes will permit the City to direct, implement and coordinate public improvements and activities to stimulate private investment within the Project Area. These improvements, activities and investments will benefit the City, its residents, and all taxing districts having jurisdiction over the Project Area. These anticipated benefits include:

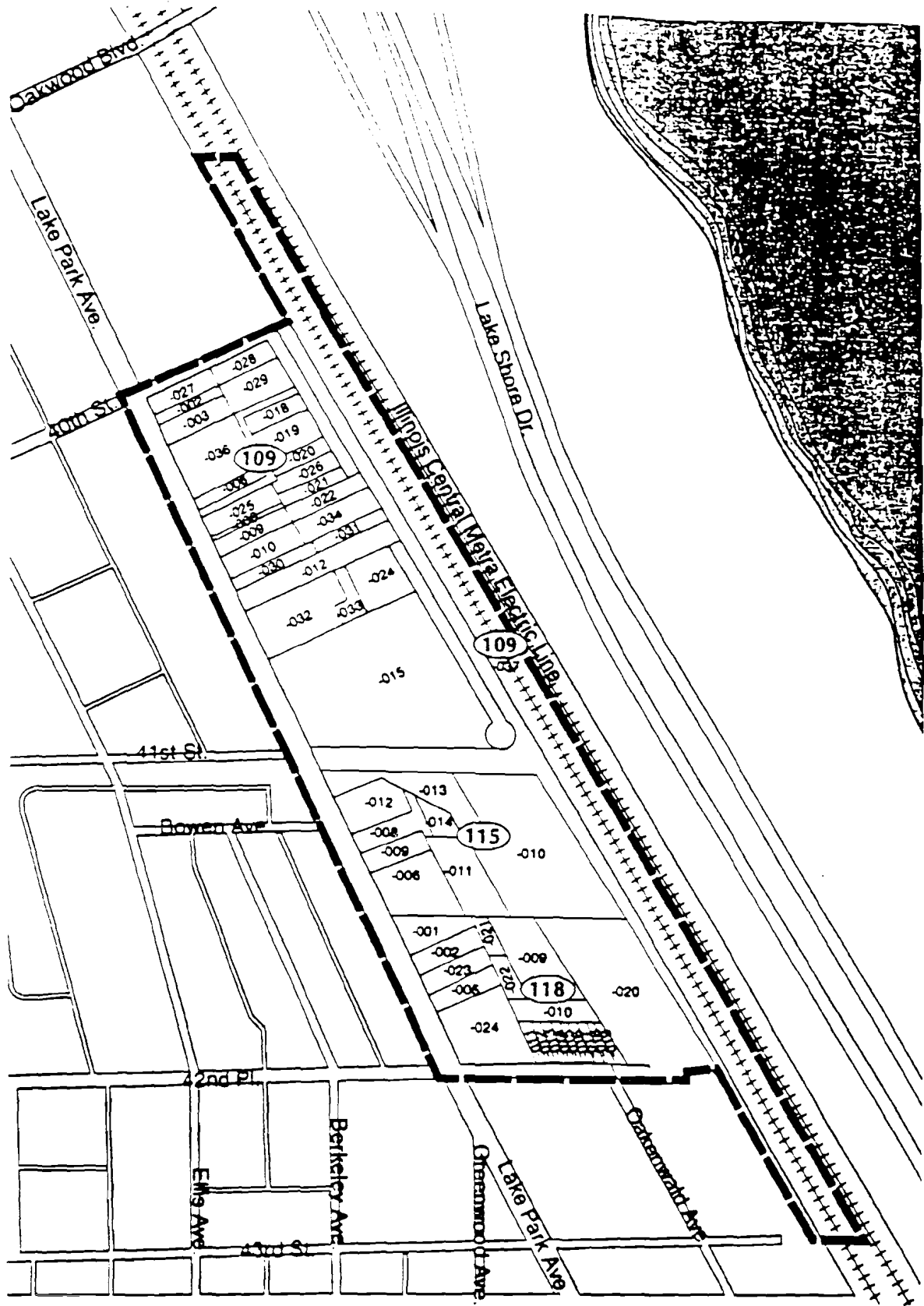
- Elimination of problem conditions in the Project Area;
- The construction of an improved system of roadways, utilities and other infrastructure that can adequately accommodate desired new development;
- Increased opportunities for affordable housing within the City; and
- A strengthened residential tax base for affected taxing districts.

II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in Figure 1, *Project Boundary*, and are generally described below:

The Project Area is generally bounded by 40th Street on the north, the easterly line of tax parcel 20-02-109-037 on the east, 42nd Place on the south, and Lake Park Avenue on the west.

The legal description of the Project Area is found in Exhibit I at the end of this report.






 Project Area Boundary
 Block Number
 Parcels

Figure 1
Project Area Boundary



III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report that presents the definition, application and extent of the conservation and blight factors in the Project Area. The report, prepared by TPAP, is entitled "Lakefront Redevelopment Project Area Eligibility Report" and is attached as Exhibit III to this Redevelopment Plan.

A. *Surveys and Analyses Conducted*

The blighted area and conservation area factors found to be present in the Project Area are based upon surveys and analyses conducted by TPAP. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of all buildings and sites in the Project Area and in neighboring areas adjacent to the Project Area;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Analysis of current parcel configuration and building size and layout; and
5. Comparison of current land use to current zoning ordinance and the current zoning map;
6. Analysis of original and current platting and building size and layout;
7. Analysis of vacant portions of the site and buildings;
8. Analysis of building floor area and site coverage;
9. Review of previously prepared plans, studies and data.
10. Review of CHA documents regarding the demolition of CHA buildings in the Project Area.
11. Review of Sewer Department and Water Department memoranda regarding the adequacy of utilities in the Project Area.
12. Review of City of Chicago Building Department records for the five-year period between January 1996 and January 2001.
13. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area between the tax years of 1995 and 2000.

B. *Summary of Project Area Eligibility*

The Project Area consists of an improved area and a vacant area. A brief summary of the eligibility conditions present within each of these areas is presented below.

Improved Area

To meet the requirements under the Act for designation as a "conservation area," the improved area must meet the prerequisite that 50 percent or more of the structures in the area must be 35 years of age or more. In addition, a minimum of 3 factors from a total of 13 additional factors must be present in the area.

The improved portion of the Project Area is eligible as a conservation area within the requirements of the Act. Specifically:

- Of the 2 public buildings within the improved portion of the Project Area, 1 (50 percent) is 35 years of age or older. The age of the second could not be determined but was estimated at 30 years of age. The Project Area meets the conservation area prerequisite that 50 percent or more of the structures in the area must be 35 years of age or older.
- Of the 13 factors set forth in the Act for conservation areas, 6 are present in the improved part of the Project Area.
- The 6 factors are present to a meaningful extent and are reasonably distributed throughout the improved part of the Project Area.
- The Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project activities and improvements.

Vacant Area

The vacant area within the Project Area meets the criteria required for determination as a "vacant blighted area" as set forth in the Act. The vacant portion of the Project Area qualifies as a vacant blighted area under sections 11-74.4-3(a)(2) and 11-74.4-3(a)(3) of the Act. Vacant areas need only qualify under one of these sections.

1. The vacant part of the Project Area is impaired by a combination of 2 of the factors listed in section 11-74.4-3(a)(2) of the Act for qualification as vacant blighted area. Specifically,
 - The two factors present include obsolete platting of the vacant land and deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
 - The two factors are present to a meaningful degree and reasonably distributed throughout that part of the Project Area.
2. The vacant part of the Project Area is impaired by the presence of one of the criteria listed in section 11-74.4-3(a)(3) of the Act for qualification as a vacant blighted area. Specifically,
 - The area qualified as a blighted improved area immediately prior to becoming vacant, and there has not been substantial private investment in the immediately surrounding area.
 - Immediately prior to becoming vacant, the presence of 8 of the 13 factors required for qualification as an improved blighted area was documented in studies, reports and memoranda prepared for the CHA as part of the CHA Demolition Application.
 - Immediately prior to becoming vacant, the improved blighted area factors were documented as present to a meaningful degree and reasonably distributed throughout that part of the Project Area.

- There has not been substantial private investment in the immediately surrounding area. The immediately surrounding area is described as the properties directly adjacent to the vacant land. Field surveys of this area document that deterioration is present in 62.5% of the structures. City of Chicago building permit data indicate that only 6 permits were issued to 5 of the 23 properties in the immediately surrounding area between January 1996 and January 2001. The estimated cost of these permits totaled \$313,800. Two of the 6 permits, issued to a medical clinic on Greenwood Avenue, represent 73% of the total permit value. The remaining \$84,800 (27%) in estimated permit value was invested in the immediately surrounding area over the five-year period, averaging less than \$17,000 per year.

IV. REDEVELOPMENT GOALS AND OBJECTIVES

Comprehensive and coordinated area-wide investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and an increase in the number and quality of affordable housing opportunities.

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. *Section V* presents more specific objectives for development and design within the Project Area and the redevelopment activities that the City plans to undertake to achieve the goals and objectives presented in this section.

A. General Goals

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. An improved quality of life in the Project Area and the surrounding communities.
2. Elimination of the factors that qualified the Project Area as the combination of a blighted area and a conservation area.
3. An environment that will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
4. A community that is stable, economically and racially diverse, secure and beautiful.
5. New housing opportunities for all income groups.
6. New investment and development opportunities that will increase the real estate tax base of the City and other taxing districts having jurisdiction over the Project Area.

B. Redevelopment Objectives

Listed below are the redevelopment objectives which will guide planning decisions regarding redevelopment within the Project Area.

1. Create an environment that stimulates private investment in the Project Area.
2. Support the development of new mixed-income and mixed-density housing, including rental units for market rate, affordable, and low- and very low-income households and for sale units available at market rate and affordable prices.
3. Ensure that former residents of the Project Area are given priority in taking advantage of new housing opportunities.
4. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan.

5. Strengthen the economic well being of the Project Area by returning vacant and underutilized properties to the tax rolls.
6. Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design and incorporate accessibility features for people with disabilities.
7. Encourage safe, efficient, and convenient transportation routes and access, including promoting pedestrian access wherever possible.
8. Create adequate off-street parking to meet existing and anticipated requirements in the Project Area.
9. Upgrade public utilities, infrastructure and streets, including streetscape and beautification projects.
10. Provide improvements and facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities.
11. Create job opportunities for City residents utilizing the most current hiring programs and appropriate job readiness and job training programs.
12. Provide opportunities for women-owned and minority-owned businesses to share in the redevelopment of the Project Area.

V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of this Redevelopment Plan. Previous plans, reports, and policies including the North Kenwood-Oakland Conservation Plan have been reviewed and form the basis for some of the recommendations presented in this Redevelopment Plan.

The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes: a) the overall redevelopment concept; b) the land use plan; c) development and design objectives; d) a description of redevelopment improvements and activities; e) estimated redevelopment project costs; f) a description of sources of funds to pay estimated redevelopment project costs; g) a description of obligations that may be issued; and h) identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

A. Overall Redevelopment Concept

The Project Area should be redeveloped as a mixed income and mixed density residential development that will serve as the catalyst for new private development in the Oakland community. It should consist of residential uses and complimentary uses. The development should be characterized by cohesive urban design features that organize and provide focus to the Project Area.

The entire Project Area should be marked by improvements in infrastructure and the development of a new residential community that relates to the surrounding neighborhoods and stimulates revitalization of the community as a whole. Improvement projects should include: new residential development, street and infrastructure improvements; establishment of a community center, and the creation of parks and open space, landscaping, and other appearance enhancements.

The Project Area should be served by a street system that facilitates safe and efficient movement of vehicles and pedestrians and should continue to provide convenient access to public transportation via CTA buses, CTA rail lines and Metra commuter rail.

B. Land Use Plan

Figure 2 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan.

The Project Area's strategic location along the lakefront with excellent access to Lake Shore Drive, the Dan Ryan Expressway, the Metra IC train, and CTA bus and elevated lines makes it a highly attractive location for residential uses. Consideration should be given to redeveloping the Project Area as a Planned Residential Development providing a range of housing types and densities with complementary open space amenities and public community facilities.

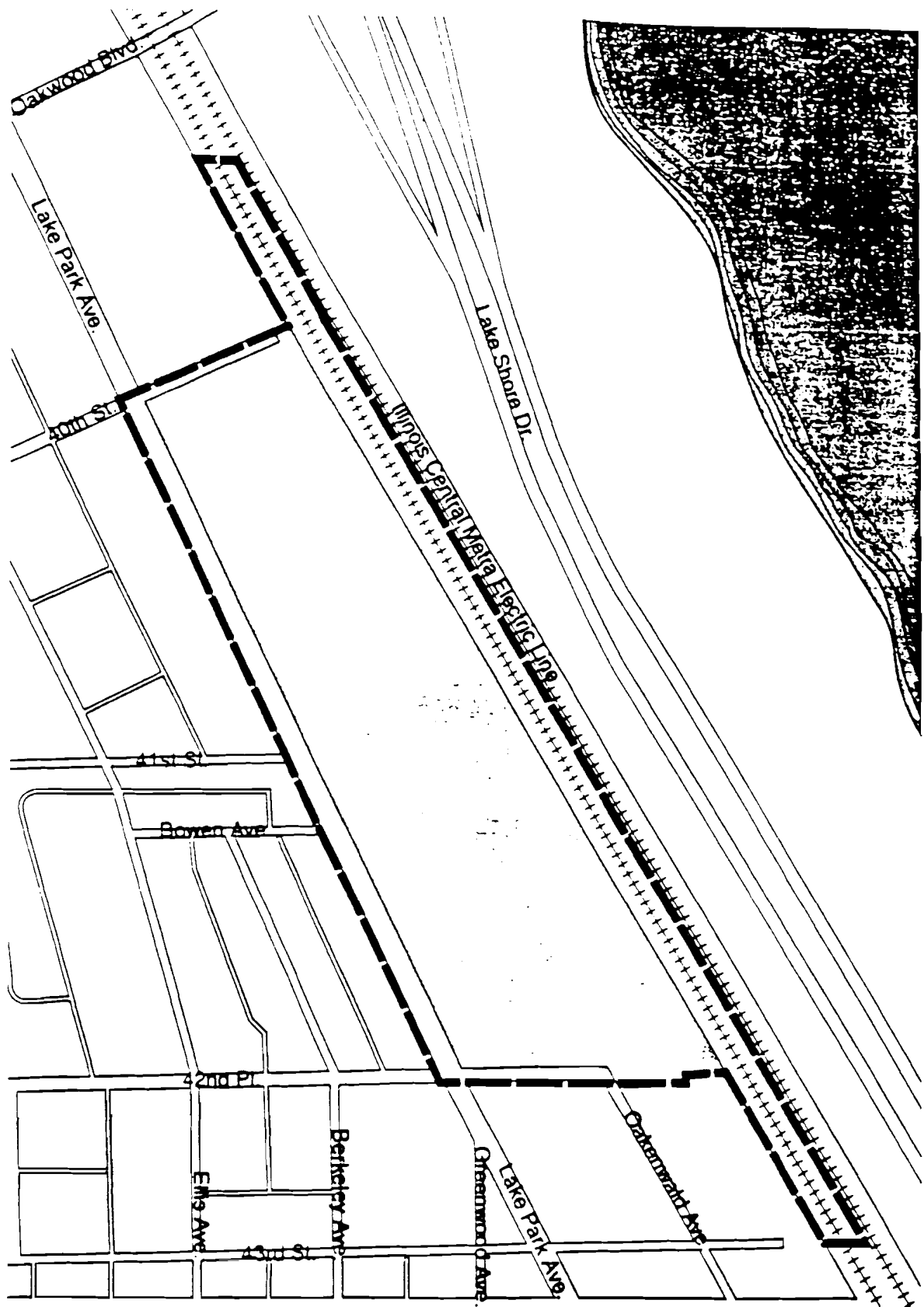


Figure 2
Land Use Plan

Existing non-residential buildings and sites within the Project Area are anticipated to be removed as part of the future land use plan. The primary land use within the Project Area is General Residential. Permitted uses allowable under the General Residential land use include those listed and described below:

- Dwellings, one-family, two-family, and multiple family attached or detached;
- Parks and playgrounds, publicly owned and operated; and
- Community centers, publicly owned and operated, and day care centers.

All development should comply with the Redevelopment Plan objectives set forth in *Section IV* above, the Chicago Zoning Ordinance, the Comprehensive Plan of Chicago, the NKO Conservation Plan and all other relevant City ordinances and development guidelines.

C. Development And Design Objectives

Listed below are Development and Design Objectives which will assist the City in directing and coordinating public and private improvement and investment within the Project Area in order to achieve the general goals and objectives identified in *Section IV* of this Redevelopment Plan.

The Development and Design Objectives are intended to help guide new residential development; foster a coordinated development pattern; and create an attractive and distinct identity for the Project Area.

a) Land Use

- Promote comprehensive redevelopment of the Project Area as a planned and cohesive urban neighborhood.
- Remove or minimize physical barriers and other impediments to unified development.
- Establish community facilities, including community centers, day care centers and parks at appropriate locations within the Project Area.

b) Building and Site Development

- Maintain Chicago's traditional neighborhood form which is characterized by a grid pattern of streets, buildings oriented toward the street, and a human scale that is attractive and inviting to pedestrians.
- Ensure that private development and redevelopment improvements to site and streetscapes are consistent with public improvement goals and plans.

c) Transportation, Circulation and Infrastructure

- Ensure safe and convenient access and circulation within the Project Area.

- Provide well-defined and safe pedestrian connections within the Project Area and between the Project Area and nearby destinations.
- Improve the street surface conditions, street lighting, and traffic signalization.
- Install or upgrade public utilities and infrastructure as required.
- Ensure that provision of off-street parking meets or exceeds the minimum requirements of the City.

d) Urban Design, Landscaping, and Open Space

- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the surrounding neighborhoods.
- Provide new pedestrian-scale lighting where appropriate.
- Encourage streetscape features within the Project Area including street trees, benches, and trash receptacles.
- Screen active rail tracks for safety and appearance, as appropriate.
- Ensure that all landscaping and design materials comply with the City of Chicago Landscape Ordinance and reflect the existing ecological character of the area.
- Develop new neighborhood parks that are accessible to all residents within the Project Area and those from adjacent neighborhoods.
- Ensure that all open spaces are designed, landscaped and lighted to achieve a high level of security.

D. Redevelopment Improvements and Activities

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment financing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements or intergovernmental agreements with public or private entities for the furtherance of this Redevelopment Plan to construct, rehabilitate, renovate or restore improvements for public or private facilities on one or several parcels or any other lawful purpose. Redevelopment agreements may contain terms and provisions that are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

Developers who receive TIF assistance for market-rate housing must set aside a minimum of 20 percent of the units to meet affordability criteria established by the City's Department of Housing.

Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 80 percent of the area median income.

Property Assembly

Property acquisition and land assembly by the private sector in accordance with this Redevelopment Plan will be encouraged by the City. To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of: (a) sale, lease or conveyance to private developers; or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

The City or a private developer may (a) acquire any historic structure (whether a designated City or State landmark or on, or eligible for, nomination to the National Register of Historic Places); (b) demolish any non-historic feature of such structure; (c) demolish portions, as allowed by laws, of historic structures, if necessary, to implement a project that meets the goals and objectives of the Redevelopment Plan; and (d) incorporate any historic structure or historic feature into a development on the subject property or adjoining property.

Relocation

Relocation assistance may be provided in order to facilitate redevelopment of portions of the Project Area and to meet other City objectives. Business or households legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City and as may be required by the Act.

Provision of Public Works or Improvements

The City may provide public improvements and facilities that are necessary to service the Project Area in accordance with this Redevelopment Plan, the NKO Conservation Plan, and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

Streets and Utilities

A range of roadway, utility and related improvement projects, from repair and resurfacing to major construction or reconstruction, may be undertaken.

Parks and Open Space

Improvements such as the development of future open spaces and public plazas may be provided, including the construction of pedestrian walkways, lighting, landscaping and general beautification improvements provided for the use of the general public.

Job Training and Related Educational Programs

Programs designed to increase the skills of the labor force that would take advantage of the employment opportunities within the Project Area may be implemented.

Day Care Services

Incremental Property Taxes may be used to cover the cost of day care services and centers within the Project Area for children of low-income employees of Project Area businesses.

Taxing Districts Capital Costs

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

Interest Subsidies

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;
- (c) if there are not sufficient funds available in the special tax allocation fund to make an interest payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the: (i) total costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
- (e) Up to 75 percent of interest costs incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

Affordable Housing

Funds may be provided to developers for up to 50 percent of the cost of construction, renovation and-or rehabilitation of all new low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low-and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act.

Analysis, Administration, Studies, Surveys, Legal, etc.

Under contracts that will run for three years or less (excluding contracts for architectural and engineering services which are not subject to such time limits) the City and/or private developers may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

E. *Redevelopment Project Costs*

The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed to be necessary to implement this Redevelopment Plan (the "Redevelopment Project Costs").

Eligible Redevelopment Project Costs

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The cost of marketing sites within the area to prospective businesses, developers and investors;
- c) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project

- the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- e) Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
 - f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Oakland Community Area with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills including residents of public and other subsidized housing and people with disabilities;
 - g) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
 - h) To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
 - i) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act (see Section V.D.2 above) or otherwise determines that the payment of relocation costs is appropriate;
 - j) Payment in lieu of taxes, as defined in the Act;
 - k) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38,

805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;

- l) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act; and
 5. Up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
- m) Unless explicitly provided in the Act, the cost of construction of new privately owned buildings shall not be an eligible redevelopment project cost;
- n) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- o) Up to 50 percent of the cost of construction, renovation and/or rehabilitation of all new low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and
- p) The cost of daycare services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 *et. seq.* then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 2001 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/1-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as eligible costs under the Redevelopment Plan to the extent permitted by the Act. In the event of such amendment(s), the City may add any new eligible redevelopment project costs as a line item in Exhibit II or otherwise adjust the line items in Exhibit II without amendment of this Plan. In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

F. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur redevelopment project costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed from such costs from incremental taxes. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received. The City may incur Redevelopment Project Costs which are paid from funds of the City other than incremental taxes, and the City may then be reimbursed from such costs from incremental taxes.

2. Anticipated Equalized Assessed Valuation

By the tax year 2025 (collection year 2026) and following the substantial completion of potential Redevelopment Projects, the EAV of the Project Area is estimated to range between \$27.8 and \$32.8 million. The estimated range is based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) an estimated 20 rowhouses; 3) an estimated 60 new for sale townhome units will be constructed; 4) approximately 170 condominium units in midrise and highrise buildings and 6 condominium units within a 6-flat building will be constructed in the Project Area; 5) approximately 254 apartment units in 3-flat, 6-flat, townhome and midrise buildings will be constructed in the Project Area; 6) Of the 510 unit development, approximately 120 units will be available for CHA public housing; 7) the development will occur over three phases and be occupied by 2007; 8) CHA land will be conveyed to private ownership for single-family for sale units; 9) an estimated annual inflation in EAV of 2 percent will be realized through 2025; and 10) the five year average state equalization factor of 2.1909 (tax years 1996 through 2000) is used in all years to calculate estimated EAV.

VI. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in *Section III* of this Redevelopment Plan, the Project Area as a whole is adversely impacted by the presence of numerous conservation and blight factors, and these factors are reasonably distributed throughout the Project Area. Conservation and blight factors within the Project Area are widespread and represent major impediments to sound growth and development.

The decline of, and the lack of private investment in, the Project Area are evidenced by the following:

- The vacant part of the Project Area has remained undeveloped since 1998.
- In the five-year period between 1996 and 2001, four demolition permits were issued.
- No new construction has occurred in the Project Area in the last two decades.
- Prior to their demolition, the four CHA high-rises, formerly located within the improved and vacant portions of the Project Area, had been vacant since 1985.
- Prior to their demolition, 33 building code violations were given to the four CHA structures between the period from January 1992 and February 1993.
- Although located on prime land with a view of the Lakefront and minutes from the Loop the Project Area does not generate taxable revenue since all properties within the Project Area are publicly owned and thus, tax-exempt.

In summary, the Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed on a comprehensive and coordinated basis without the intervention of the City and the adoption of this Redevelopment Plan for the Project Area.

VII. FINANCIAL IMPACT

Without the adoption of the Redevelopment Plan and TIF, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment initiatives, there is a prospect that conservation factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

Section V of this Redevelopment Plan describes the comprehensive, area-wide Redevelopment Project proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment improvements and activities as well as Redevelopment Projects set forth in this Redevelopment Plan. Successful implementation of this Redevelopment Plan is expected to result in new private investment in rehabilitation of buildings and new construction on a scale sufficient to eliminate problem conditions and to return the area to a long-term sound condition.

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF can be used to encourage the new private development that will return underutilized and vacant properties to the tax rolls. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from new EAV and tax revenues generated by redevelopment of previously tax-exempt properties to revenue-producing private development.

VIII. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Project Area:

Cook County. The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways.

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. This district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof.

Chicago Community College District 508. This district is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the City and other students seeking higher education programs and services.

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities. The Blackstone Branch at 4904 S. Lake Park Avenue is the nearest library facility.

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc.

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade. Two public school facilities, the Future Commons Multiplex High School and the State Pre-K Demonstration Center, are located within the Project Area. Other public schools located outside the Project Area include Ariel Community Academy (Shakespeare School); Price Elementary; Robinson Elementary; and Martin Luther King, Jr. High School.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. One public park, Quayle Park, is currently located within the Project Area. Other Park District facilities located outside the Project Area include Beech Park, Chamberlain Triangle Park, Ellis Park, Holly Park, Hyacinth Park, Kennicott Park, Mandrake Park, Oakland Park, and Oakwood Beach.

Chicago School Finance Authority. The Authority was created in 1980 to exercise oversight and control over the financial affairs of the Board of Education.

A. *Impact of the Redevelopment Project*

In 1994, the Act was amended to require an assessment of any financial impact of the Redevelopment Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The replacement of vacant and underutilized properties with residential development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District and the City. The estimated nature of these increased demands for services on these taxing districts are described below.

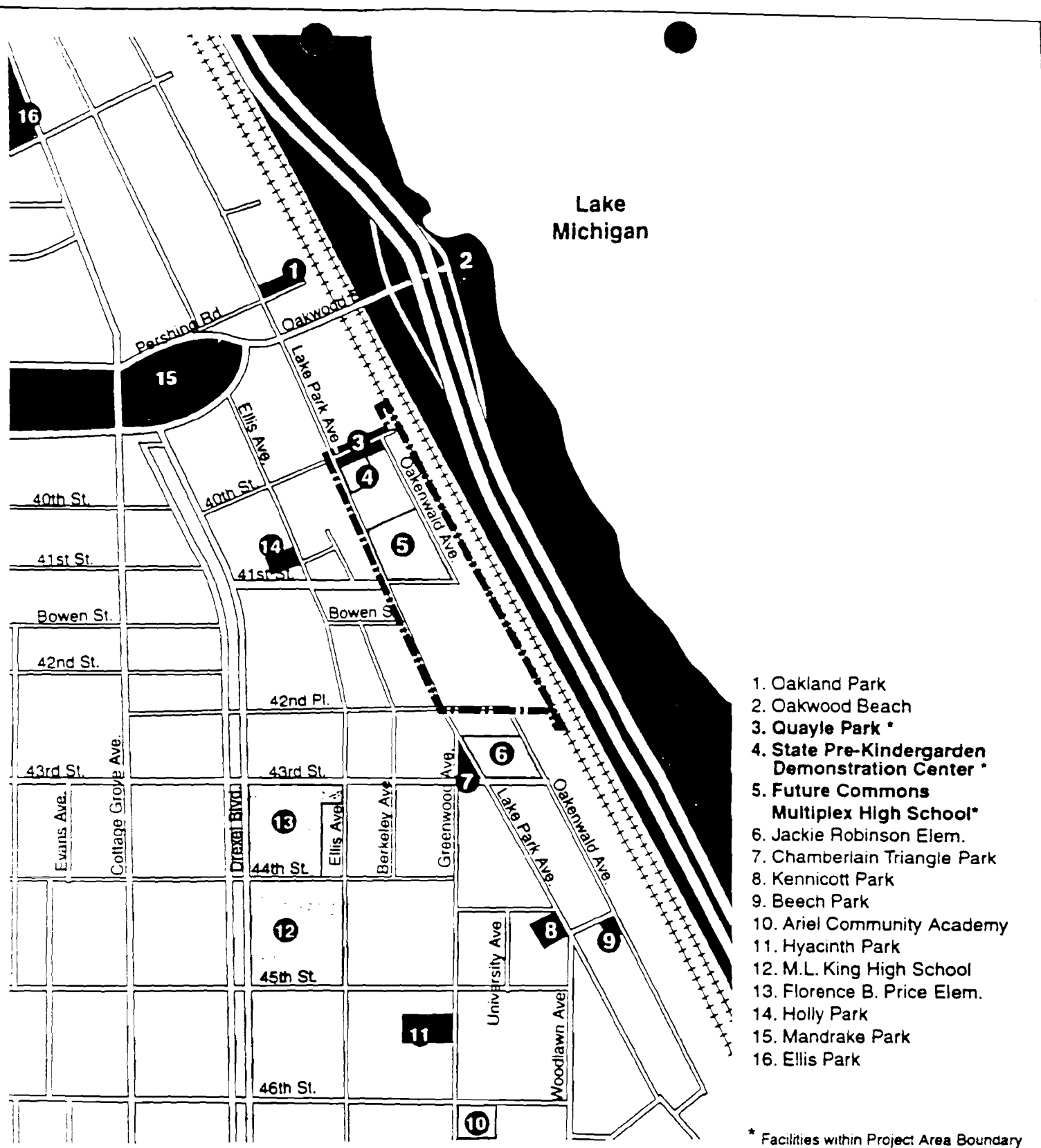
Metropolitan Water Reclamation District of Greater Chicago. The rehabilitation of or replacement of underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago. The redevelopment of vacant or underutilized properties with new residential development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc.

Board of Education. The redevelopment of vacant or underutilized properties with new residential development is likely to increase the demand for services and programs provided by the Board of Education. Two school facilities, including the Future Commons Multiplex High School and the State Pre-Kindergarten Demonstration Center are located within the boundaries of the Project Area. It is anticipated that both of these school facilities will be removed as part of the Project Area's redevelopment. Each of these public schools, as well nearby schools are identified in *Figure 3, Community Facilities*.

Chicago Park District. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. Quayle Park is the only public park located within the Project Area, although it is anticipated that this park will be removed as part of redevelopment. The nearest parks within approximately one-half mile are identified in *Figure 3, Community Facilities*.

City of Chicago Library Fund. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the City of Chicago Library Fund. The Blackstone Branch at 4904 S. Lake Park Avenue is the nearest library facility.



1. Oakland Park
2. Oakwood Beach
3. Quayle Park *
4. State Pre-Kindergarten Demonstration Center *
5. Future Commons Multiplex High School*
6. Jackie Robinson Elem.
7. Chamberlain Triangle Park
8. Kennicott Park
9. Beech Park
10. Ariel Community Academy
11. Hyacinth Park
12. M.L. King High School
13. Florence B. Price Elem.
14. Holly Park
15. Mandrake Park
16. Ellis Park

* Facilities within Project Area Boundary




-  Project Area Boundary
-  Educational/Institutional
-  Parks and Open Space

Figure 3
Community Facilities



B. Program to Address Increased Demand for Services or Capital Improvements

The City intends to monitor development in the areas and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

Metropolitan Water Reclamation District of Greater Chicago. As it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special assistance is proposed for the Metropolitan Water Reclamation District.

City of Chicago. It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special program is proposed for the City.

Chicago Park District. It is expected that any increase in demand for Park District services and programs associated with the Project Area can be adequately handled by existing services and programs provided by the Park District. The development program for the Lakefront TIF includes provisions for parkland comparable in size and function to the existing Quayle Park. Quayle Park will be eliminated under the proposed redevelopment plan and replaced with new open space/park land. The new park area will be developed and constructed in accordance with Park District standards and is slated for Chicago Park District ownership and operation. No special program is proposed for the Chicago Park District.

Board of Education of the City of Chicago, and the Chicago School Finance Authority. It is expected that new residential development of vacant, underutilized, and non-residential uses will result in an increase in demand for services provided by the Board of Education. To determine this potential increase, the Ehlers & Associates' (formerly Illinois School Consulting Services) methodology for estimating school age children was utilized. Based on a proposed development of 510 new residential units ranging from single family to multi-family units, it is expected that the number of elementary school age children will increase by approximately 89 and the number of high school age children will increase by approximately 27.

Plans are already in place to relocate students currently served by the Future Commons Multiplex High School to Phillips High School, located at 244 E. Pershing Road. Phillips is operating well under capacity and could accommodate additional students beyond those projected. Martin Luther King High School is also operating well under capacity but is in

the process of transitioning to a magnet school which, while it may serve a more city-wide population, will be an educational option for new and existing families with high school age children.

Elementary schools near the Project Area such as Robinson, Price and Einstein are all operating under capacity and can adequately accommodate the additional students that may be generated by the new residential development.

It is expected that any increase in demand for Board of Education services and programs associated with the Project Area can be adequately handled by existing facilities. The City and the Board of Education will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.

Other Taxing Districts. It is expected that any increase in demand for Cook County, Cook County Forest Preserve District, and Chicago Community College District 508's services and programs associated with the Project Area can be adequately handled by existing services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts.

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs in Exhibit II. In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

Exhibit II to this Redevelopment Plan illustrates the preliminary allocation of estimated Redevelopment Project Costs.